

## SECURITIES EXCHANGE AGREEMENT

**THIS SECURITIES EXCHANGE AGREEMENT** is made effective the 12<sup>th</sup> day of September, 2018.

### AMONG:

**EARNY RESOURCES LTD.,**

a corporation existing under the laws of British Columbia,  
having its registered and records office at 1500 – 1055 West  
Georgia Street, Vancouver, BC V6E 4N7  
(hereinafter referred to as the “**Purchaser**”)

- and -

**CR INTERNATIONAL, INC.,**

a corporation incorporated under the laws of the State of Nevada,  
USA, having an office for notice and delivery located at 17865  
Sky Park Cir. Ste. H, Irvine, California 92614  
(hereinafter referred to as “**TargetCo**”)

- and –

**CR COMPANIES, LLC,**

a limited liability company organized under the laws of the State  
of California, having an office for notice and delivery located at  
17865 Sky Park Cir. Ste. H, Irvine, California 92614  
(hereinafter referred to as “**CRC**”)

### WHEREAS:

(A) the Purchaser desires to acquire from the TargetCo Securityholders (as defined herein) all of the issued and outstanding shares of common stock, par value \$0.001 per share, of TargetCo (“**TargetCo Shares**”) and any outstanding warrants of TargetCo (“**TargetCo Warrants**”) and together with TargetCo Shares, the “**Exchanged TargetCo Securities**”) in exchange (the “**Share Exchange**”) for common shares and warrants of the Purchaser as at the date of this Agreement in accordance with the terms and conditions herein set forth and as provided for in the Plan of Share Exchange attached hereto as Schedule “A” (the “**Plan of Share Exchange**”);

(B) TargetCo is in the process of seeking TargetCo Securityholders approval of this Agreement, the Plan of Share Exchange and the Support Agreement (as defined herein) in accordance with Applicable Nevada Corporate Law (as defined herein);

(C) TargetCo, upon receiving the requisite TargetCo Securityholders approval of this Agreement, the Plan of Share Exchange and Support Agreement, desires to exchange the Exchanged TargetCo Securities with the Purchaser for Consideration Securities (as defined herein) in accordance with the terms and conditions herein set forth and as provided for in the Plan of Share Exchange;

(D) the Board (as defined herein) of each of the Purchaser and TargetCo have unanimously determined that this Agreement, the Plan of Share Exchange and the Support Agreement are in the best

interest of their respective securityholders and have resolved to support the Agreement, the Plan of Share Exchange and the Support Agreement and to enter into this Agreement;

(E) the parties to this Agreement intend that the exchange of Exchanged TargetCo Securities for Consideration Securities will constitute a single integrated transaction qualifying as a tax-deferred “reorganization” within the meaning of Section 368(a) of the U.S. Revenue Code and that the Share Exchange shall constitute a “plan of reorganization” within the meaning of Treasury Regulation Section 1.368-2(g);

(F) immediately prior to the Closing (as defined herein), CRC Members (as defined herein) will adopt an amended and restated limited liability company agreement of CRC substantially in the form attached hereto as Schedule “D” (the “**A&R LLC Agreement**”), pursuant to which the outstanding Class A Units, Class B Units, and Class C Units will be split on the basis of 1 unit into 15.98292857 units (the “**Split**”) and reclassified into two classes of units, being Class A Voting Units and Class B Nonvoting Units, and the Class B Nonvoting Units will have certain exchange rights to exchange such units for Purchaser Shares (“**Exchangeable Units**”) pursuant to the terms and conditions of the A&R LLC Agreement;

(G) TargetCo holds certain convertible notes in CRC (the “**Convertible Notes**”) which shall immediately prior to the Closing, convert into Class A Units of CRC, which units shall Split, and be reclassified into Class A Voting Units of CRC as provided in the A&R LLC Agreement;

(H) after the Closing, TargetCo shall own all of the outstanding Class A Voting Units of CRC and be the sole manager of CRC, and the remaining unitholders of CRC shall hold all of the Exchangeable Units;

(I) at the Time of Closing (as defined herein), Purchaser, TargetCo, and CRC shall enter into a Support Agreement substantially in the form attached hereto as Schedule “E” (the “**Support Agreement**”) which shall provide, among other things, that so long as any Exchangeable Units of CRC are outstanding, Purchaser and TargetCo shall take all such actions and do all such things as are necessary or desirable to enable and permit CRC Members to exchange their Exchangeable Units for Purchaser Shares in accordance with the terms and provisions of the A&R LLC Agreement and the Support Agreement;

(J) prior to the Time of Closing, the Purchaser proposes to amend its share capital and constating documents to create a new class of special voting shares in the capital of Purchaser and at the Time of Closing to issue to the Trustee (as defined herein) one special voting share (the “**Special Voting Share**”) who will hold such share on behalf of the holders of Exchangeable Units for the purposes of enabling the holders of Exchangeable Units to vote the same through the Voting Trust Agreement, as if they had exchanged their Exchangeable Units and acquired Purchaser Shares and voted such shares as a holder thereof on any matter that may properly come before the holders of the Purchaser Shares at any meeting of such holders or with respect to any written consents sought from such holders, all as described in this Agreement, A&R LLC Agreement and the Voting Trust Agreement; and

(K) prior to Closing, Purchaser and certain CRC Members agree to enter into a Voting Trust Agreement substantially in the form attached hereto as Schedule "F" and Purchaser and certain shareholders of the Purchaser agree to enter into a Voting Support Agreement (as defined herein).

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the premises and the respective covenants and agreements herein contained, the parties hereto covenant and agree as follows:

**ARTICLE I  
INTERPRETATION**

**1.01 Definitions**

In this Agreement, unless otherwise defined, capitalized words and terms will have the following meanings:

- (a) "**A&R LLC Agreement**" has the meaning set forth in Recital "F" to the Agreement and shall be in substantially the form set forth in Schedule "D" attached to the Agreement, with such changes thereto as the Parties, acting reasonably, may agree;
- (b) "**Affiliate**" means any individual, partnership, corporation, trust or other entity, or association, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with the TargetCo or Purchaser, as applicable. The term "control," as used in the immediately preceding sentence, means, with respect to a company or limited liability company the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled company or limited liability company, and, with respect to any other entity or association, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled entity;
- (c) "**Agreement**" means this Securities Exchange Agreement as the same may be supplemented or amended from time to time;
- (d) "**Ancillary Agreements**" means the A&R LLC Agreement, the Support Agreement, the Voting Trust Agreement, and the Voting Support Agreement;
- (e) "**Applicable California Corporate Law**" means the California Revised Uniform Limited Liability Company Act, codified in the California Corporations Code, Section 17701.01 et seq. (ARTICLE 10. Merger and Conversion 17710.01 - 17710.19);
- (f) "**Applicable Laws**" means, with respect to any person, any domestic (whether federal, state, territorial, provincial, municipal or local) or foreign statutes, laws, ordinances, rules, administrative interpretations, regulations, Orders, writs, injunctions, directives, judgments, decrees or other requirements of any Governmental Authority applicable to such person or any of its Affiliates or any of their respective properties, assets, employees, consultants or agents (in connection with such employee's, consultant's or agent's activities on behalf of such person or any of its Affiliates), including Applicable Securities Laws, Applicable California Corporate Law, Applicable Nevada Corporate Law and the BCBCA;
- (g) "**Applicable Nevada Corporate Law**" means the 2017 Nevada Revised Statutes (Chapter 92A – Mergers, Conversions, Exchanges and Domestications; NRS 92A.190 – Merger or Exchange with Foreign Entity);
- (h) "**Applicable Securities Laws**" means applicable securities legislation having application, securities regulations and securities rules, as amended, and the administrative policy statements, notices, instruments, directions, blanket orders and rulings issued or adopted by the applicable securities regulatory authority having the force of law, in force from

time to time and as amended, as applicable to this Agreement, the transactions contemplated therein, and the parties;

- (i) “**BCBCA**” means the *Business Corporations Act* (British Columbia);
- (j) “**Board**” means the board of directors of a corporation;
- (k) “**Books and Records**” means all technical, business and financial records, financial books and records of account, books, data, reports, files, lists, drawings, plans, logs, briefs, customer and supplier lists, deeds, certificates, contracts, surveys, title opinions or any other documentation and information in any form whatsoever (including written, printed, electronic or computer printout form) relating to a corporate entity and its business;
- (l) “**Broker Warrants**” means the warrants to purchase a total of up to 1,212,121 Purchaser Shares to be issued to brokers in connection with the Financing with a one (1) year term and an exercise price of \$0.33 per share;
- (m) “**Business Day**” means a day which is not a Saturday, Sunday or a statutory holiday in the Province of British Columbia;
- (n) “**CEO**” means Chief Executive Officer;
- (o) “**CFO**” means Chief Financial Officer;
- (p) “**Closing**” means the completion of the Transaction in accordance with the terms and conditions of this Agreement;
- (q) “**Closing Date**” means the date of Closing, which will be the second Business Day following the satisfaction or waiver of all conditions to the obligations of the parties to consummate the Transaction (other than conditions that are satisfied with respect to actions the respective parties will take at the Closing itself), or such other date as the parties may mutually determine;
- (r) “**Consideration Securities**” means the Purchaser Shares and Purchaser Warrants issued to TargetCo Securityholders and the Purchaser Shares issued to holders of Exchangeable Units;
- (s) “**Contracts**” (individually, a “**Contract**”) means all written or oral outstanding contracts and agreements, leases (including the real property leases), third-party licenses, insurance policies, deeds, indentures, instruments, entitlements, commitments, undertakings and orders made by or to which a party is bound or under which a party has, or will have, any rights or obligations and includes rights to use, franchises, license and sub-licenses agreements and agreements for the purchase and sale of assets or shares;
- (t) “**Convertible Notes**” has the meaning set forth in Recital “G” to this Agreement;
- (u) “**COO**” means Chief Operating Officer;
- (v) “**Corporate Records**” means the corporate records of a corporate entity, including (i) its articles, by-laws or other constituting documents, any unanimous members agreement and

any amendments thereto; (ii) all minutes of meetings and resolutions of shareholders, members, directors and any committee thereof; (iii) the share certificate books, register of shareholders or members, register of transfers and registers of directors and officers; and (iv) all accounting records;

- (w) “**CRC**” means CR Companies, LLC, a California limited liability company and, after the conversion of the Convertible Notes, a Subsidiary of TargetCo;
- (x) “**CRC Members**” means the members of CRC listed on Schedule “G” attached to this Agreement;
- (y) “**CSE**” means the Canadian Securities Exchange, operated by the CNSX Markets Inc.;
- (z) “**Disclosure Letter**” means a letter of even date with this Agreement from TargetCo to the Purchaser, or the Purchaser to TargetCo, as applicable, that is described as the ‘Disclosure Letter’;
- (aa) “**Disclosed**” means, in the case of the TargetCo Securityholders and TargetCo, fairly disclosed (with sufficient details to identify the nature and scope of the matter disclosed) in the Disclosure Letter, and, in the case of the Purchaser, fairly disclosed in writing to TargetCo prior to the date of this Agreement (with sufficient details to identify the nature and scope of the matter disclosed);
- (bb) “**Entity**” means a person, other than an individual;
- (cc) “**Environmental Laws**” has the meaning set forth in section 5.01(r) of this Agreement;
- (dd) “**Exchangeable Units**” means the Class B Nonvoting Units of CRC which are exchangeable into Purchaser Securities pursuant to the A&R LLC Agreement;
- (ee) “**Exchanged TargetCo Securities**” has the meaning set forth in Recital “A” to this Agreement;
- (ff) “**Executive Employment Agreements**” shall have the meaning set forth in Section 3.02(o) of this Agreement;
- (gg) “**Exemptions**” has the meaning set forth in Section 2.08;
- (hh) “**Financing**” means the financing by the Purchaser by way of private placement of Purchaser Shares to raise a minimum of \$5,000,000 at a price of no less than \$0.33 per Purchaser Share;
- (ii) “**Governmental Authority**” means any (i) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, commission, board or agency, domestic or foreign, or (ii) regulatory authority, including any securities commission, gaming commission or stock exchange, including the CSE;
- (jj) “**Hazardous Materials**” has the meaning set forth in section 5.01(r) of this Agreement;
- (kk) “**IFRS**” means International Financial Reporting Standards;

- (ll) “**laws**” means all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or any provisions of the foregoing, including general principles of common and civil law and equity, binding on or affecting the person referred to in the context in which such word is used; and “**law**” means any one of them;
- (mm) “**Lien**” means any mortgage, encumbrance, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature or any other arrangement or condition, which, in substance, secures payment, or performance of an obligation;
- (nn) “**Listing Statement**” means the listing statement of Purchaser pertaining to the listing of the Purchaser Shares on the CSE in accordance with CSE policies subsequent to the Closing and the Financing;
- (oo) “**Material Adverse Effect**” means (i) any change, effect, fact, circumstance or event which, individually or when taken together with any other changes, effects, facts, circumstances or events, could reasonably be expected to be materially adverse to the assets, liabilities, condition (financial or otherwise), business, properties or results of operation of the Purchaser or TargetCo, as applicable, or (ii) a material impairment of or delay in the ability of the parties (or any one of them) to perform their obligations hereunder or consummate the Transaction;
- (pp) “**material fact**” has the meaning ascribed to it in the *Securities Act* (British Columbia);
- (qq) “**misrepresentation**” has the meaning ascribed to it in the *Securities Act* (British Columbia);
- (rr) “**NI 41-101**” means National Instrument 41-101 – *General Prospectus Requirements*, of the Canadian Securities Administrators;
- (ss) “**NI 45-106**” means National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators;
- (tt) “**Non-Offending Persons**” has the meaning set forth in Section 6.01(g);
- (uu) “**Non-Resident TargetCo Securityholders**” means those TargetCo Securityholders identified in the attached Schedule “B” as being non-residents of Canada for the purposes of the Tax Act;
- (vv) “**Notice**” has the meaning set forth in Section 8.02;
- (ww) “**Order**” means any award, decision, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by any Governmental Body;
- (xx) “**Permits**” has the meaning set forth in section 5.01(r) of this Agreement;
- (yy) “**person**” includes an individual, sole proprietorship, partnership, limited partnership, unincorporated association or organization, unincorporated syndicate, body corporate,

trust, trustee, executor, administrator, legal representative of the Crown or any agency or instrumentality thereof;

- (zz) **“Plan of Share Exchange”** has the meaning set forth in Recital “A” of this Agreement substantially in the form attached as Schedule “A” to this Agreement, with such changes thereto as the Parties, acting reasonably, may agree;
- (aaa) **“Public Record”** refers to all public information which has been filed by the Purchaser on the System for Electronic Document Analysis and Retrieval (SEDAR) pursuant to Applicable Securities Laws;
- (bbb) **“Purchaser”** means Earny Resources Ltd., a corporation existing under the laws of the Province of British Columbia;
- (ccc) **“Purchaser EIP”** means the Stock Option Plan, as adopted by the Board of the Purchaser and last approved by the shareholders of the Purchaser on January 31, 2018;
- (ddd) **“Purchaser Shares”** means common shares in the capital of the Purchaser;
- (eee) **“Purchaser Warrants”** means the common share purchase warrants of Purchaser issued by Purchaser for TargetCo Warrants;
- (fff) **“Regulation D”** means Regulation D under the U.S. Securities Act;
- (ggg) **“Regulation S”** means Regulation S under the U.S. Securities Act;
- (hhh) **“SEDAR”** means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators;
- (iii) **“Shareholders’ Approval”** means, if required, approval of the Transaction by shareholders of the Purchaser in accordance with the BCBCA, which approval, if permitted by the CSE or the TSXV, as applicable, may be obtained by written consent of a majority of shareholders;
- (jjj) **“Special Voting Share”** means the one special voting share in the capital of the Purchaser, having the rights set forth in the articles of the Purchaser, which entitles the holder of record to a number of votes at meetings of holders of Purchaser Shares equal to the number of Exchangeable Units outstanding from time to time, which share is to be issued to, deposited with, and voted by, the Trustee set out in the Voting Trust Agreement;
- (kkk) **“Subsidiary”** means an Entity that is controlled by another Entity where the controlling Entity is the beneficial or registered owner of, or otherwise controls, more than 50% of the voting securities of the controlled Entity or is otherwise able to control the Board (or similar body) of the controlled Entity;
- (lll) **“Support Agreement”** has the meaning set forth in Recital “I” to this Agreement and substantially in the form attached as Schedule "E" to this Agreement, with such changes thereto as the Parties, acting reasonably, may agree;

- (mmm) “**TargetCo**” means CR International, Inc., a corporation organized under the laws of the State of Nevada;
- (nnn) “**TargetCo Assets**” means the assets of TargetCo;
- (ooo) “**TargetCo Charter Documents**” means TargetCo’s articles of incorporation, certificate of designation and bylaws and any amendments to any such documents;
- (ppp) “**TargetCo Securityholder**” means the holder of TargetCo Shares or TargetCo Warrants, as applicable;
- (qqq) “**TargetCo Securityholders’ Approval**” has the meaning set forth in Section 2.01;
- (rrr) “**TargetCo Shares**” means the issued and outstanding shares of common stock of TargetCo as provided in Recital "A" to this Agreement;
- (sss) “**TargetCo Warrants**” means the issued and outstanding warrants of TargetCo as provided in Recital "A" to this Agreement;
- (ttt) “**Tax Act**” means the *Income Tax Act* (Canada);
- (uuu) “**Termination Date**” means November 30, 2018, or such later date as may be agreed in writing between the Purchaser and TargetCo;
- (vvv) “**Time of Closing**” means 10:00 a.m. (Vancouver time) on the Closing Date, or such other time as the parties may mutually determine;
- (www) “**Transaction**” means, collectively, (i) the purchase and sale of the Exchanged TargetCo Securities in accordance with the terms of this Agreement, and (ii) all other transactions, agreements or actions contemplated by this Agreement;
- (xxx) “**Trustee**” means Corey Mangold and Rene Suarez or such other trustee(s) acceptable to the Purchaser and CRC;
- (yyy) “**TSXV**” means the TSX Venture Exchange;
- (zzz) “**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
- (aaaa) “**U.S. Person**” means a United States person as defined in Rule 902(k) of Regulation S under the U.S. Securities Act;
- (bbbb) “**U.S. Revenue Code**” means the United States Internal Revenue Code of 1986, as amended;
- (cccc) “**U.S. Representation Letter**” shall mean the letter substantially in the form set forth on Schedule "C" to this Agreement;
- (dddd) “**U.S. TargetCo Securityholder**” means (i) a U.S. Person, (ii) any person acquiring the Consideration Securities on behalf of, or for the account or benefit of any U.S. Person or any person in the United States, (iii) any person who is resident in the United States as of the record date for the special meeting of the TargetCo Securityholders or was in the



United States at the time when such person received the proxy materials for the special meeting of the TargetCo Securityholders with respect to the Transaction, or (iv) any person who is resident in the United States or was in the United States at the time when such person completed and delivered the proxy for the special meeting of the TargetCo Securityholders with respect to the Transaction;

(eeee) “**U.S. Securities Act**” means the United States *Securities Act of 1933*, as amended;

(ffff) “**Voting Support Agreement**” shall mean the agreement entered into among the Purchaser and certain shareholders of the Purchaser pursuant to which such shareholders will agree to support certain matters brought forward by management at meetings of the shareholders of the Purchaser; and

(gggg) “**Voting Trust Agreement**” shall mean the agreement entered into among the Purchaser, CRC and the Trustee, substantially in the form attached as Schedule "F" to this Agreement, with such changes thereto as the Parties, acting reasonably, may agree and set forth in Recital "J" of this Agreement.

**Schedules:**

Schedule A: Plan of Share Exchange

Schedule B: List of TargetCo Securityholders

Schedule C: US Representation Letter

Schedule D: A&R LLC Agreement

Schedule E: Support Agreement

Schedule F: Voting Trust Agreement

Schedule G: List of CRC Members

**1.02 Currency**

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

**1.03 Interpretation Not Affected by Headings, etc.**

The division of this Agreement into articles, sections and other portions and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section, Schedule, Exhibit or Appendix refers to the specified Article, Section of, Schedule, Exhibit or Appendix to this Agreement.

**1.04 Number, etc.**

Unless the subject matter or context requires the contrary, words importing the singular number only will include the plural and vice versa; words importing the use of any gender will include all genders and words importing persons will include natural persons, firms, trusts, partnerships and corporations.

**1.05 Date for Any Action**

In the event that any date on which any action is required or permitted to be taken hereunder by any person is not a Business Day, such action will be required to be taken on the next succeeding day which is a Business Day.

**1.06 Statutory References**

Any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute in force from time to time and any statute, regulation or rule that supplements or supersedes such statute, regulation or rule.

**1.07 Accounting Principles**

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference will be deemed to be the International Financial Reporting Standards or the Canadian generally accepted accounting principles, as applicable, approved by the International Accounting Standards Board or the Chartered Professional Accountants of Canada, as the case may be, or any successor thereto, applicable as at the date on which a calculation is made or required to be made in accordance with generally accepted accounting principles.

**1.08 Knowledge**

In this Agreement:

- (a) any reference to “the knowledge of the Purchaser” (or similar expressions) will be deemed to mean the actual knowledge of Navin Varshney, the CEO and a director of the Purchaser, together with the knowledge such person would have had if they had conducted a diligent inquiry into the relevant subject matter; and
- (b) any reference to “the knowledge of TargetCo” (or similar expressions) will be deemed to mean the actual knowledge of Corey Mangold, the CEO and a director of TargetCo and Rene Suarez, the President, COO and a director of TargetCo, together with the knowledge such person would have had if they had conducted a diligent inquiry into the relevant subject matter.

**ARTICLE II  
PURCHASE AND SALE OF TARGETCO SHARES AND EXCHANGE RIGHTS OF  
EXCHANGEABLE UNITS**

**2.01 Approval of TargetCo Securityholders**

Prior to the Time of Closing, TargetCo will have taken all action necessary in accordance with Applicable Nevada Corporate Law, Applicable Securities Laws and TargetCo Charter Documents, and used commercially reasonable efforts to take all other action necessary or advisable, to distribute a

consent action to approve and adopt this Agreement, the Support Agreement and the Transaction contemplated herein. As such, TargetCo has secured the vote or consent of the TargetCo Securityholders required by Applicable Nevada Corporate Law, Applicable Securities Laws and TargetCo Charter Documents to obtain such approvals (the “**TargetCo Securityholders’ Approval**”).

## **2.02 Approval of Purchaser Securityholders**

Prior to the Time of Closing, the Purchaser will have taken all action necessary in accordance with the BCBCA, Applicable Securities Laws, Applicable Laws, and its articles and has used commercially reasonable efforts to take all action necessary or advisable to adopt this Agreement, the Support Agreement and the Transaction contemplated herein. As such, Purchaser will have secured the Shareholder Approval prior to the Time of Closing.

## **2.03 Approval of CRC and CRC Members**

Prior to the time of Closing, CRC will have taken all action necessary in accordance with Applicable California Corporate Law, Applicable Securities Laws and its operating agreement to approve this Agreement, the A&R LLC Agreement and the Support Agreement. As such, CRC will have secured such approval of the CRC Members prior to the Time of Closing.

## **2.04 Exchange**

Pursuant to the Plan of Share Exchange and subject to the terms and conditions of this Agreement, the TargetCo Securityholders will exchange with and assign and transfer to the Purchaser and the Purchaser will receive from the TargetCo Securityholders, the number of TargetCo Shares which are beneficially owned by such TargetCo Securityholders. As of the date of this Agreement, the number of TargetCo Shares which are beneficially owned by each TargetCo Securityholder is the number set forth opposite the name of such TargetCo Securityholder as set out in Schedule “B” attached hereto which shall include the names of all of the TargetCo Securityholders who purchased TargetCo Shares in connection with the private placement of TargetCo Shares which closed concurrently with the execution of this Agreement (the “**Pre-RTO Financing**”).

## **2.05 TargetCo Shares**

In consideration for the exchange and acquisition of the Exchanged TargetCo Securities, the Purchaser will at the Time of Closing issue from treasury Purchaser Shares to the TargetCo Securityholders, pro rata in proportion to their holdings of Exchanged TargetCo Securities. Holders of TargetCo Shares will each receive one (1) Purchaser Share in the capital of the Purchaser in exchange for one (1) TargetCo Share.

## **2.06 TargetCo Warrants**

At the Time of Closing, each of the TargetCo Securityholders that are holders of warrants (each, a “**TargetCo Warrant**”) shall dispose of their respective right to acquire TargetCo Shares under the outstanding TargetCo Warrant held by such TargetCo Securityholder at that time and those outstanding TargetCo Warrants shall be deemed immediately cancelled. In consideration for the disposition by a TargetCo Securityholder of each right to acquire one TargetCo Share under a TargetCo Warrant, the TargetCo Securityholder shall receive the right to acquire one Purchaser Share (each a “**Purchaser Warrant**”), rounded down to the nearest whole number of Purchaser Shares. The exercise price under each Purchaser Warrant will be equal to the exercise price at the Closing Time under the particular TargetCo Warrant that was cancelled in consideration for such Purchaser Warrant.

## 2.07 Exchangeable Units

Pursuant to this Agreement, the Support Agreement and the A&R LLC Agreement, certain CRC Members are holders of Exchangeable Units and such holders may exchange their Exchangeable Units for Purchaser Shares. In consideration for the exchange and acquisition of the Exchangeable Units at the Time of Closing, or any time thereafter, the Purchaser will issue from treasury the Consideration Securities to the CRC Members that elect to exchange their Exchangeable Units. Holders of Exchangeable Units will each receive one (1) Purchaser Share in exchange for one (1) Exchangeable Unit.

After the Closing, those holders of Exchangeable Units that did not elect to exchange their Exchangeable Units for Consideration Securities may elect to do so at any time in the future, and the Purchaser will assume and honor such Exchangeable Units in accordance with the Support Agreement.

None of the Exchangeable Units or the Consideration Securities issued upon the exchange of such Exchangeable Units have been or will be registered under the U.S. Securities Act or any state securities laws, and such Exchangeable Units may not be exercised in the United States or by, or for the benefit or account of, any U.S. Person unless there is an exemption from such registration requirements available on the date of such exercise.

As of the date of this Agreement, the total number of Exchangeable Units which will beneficially owned by each CRC Member is the number set forth opposite the name of such Member as set out in Schedule “G” attached to this Agreement.

## 2.08 Restrictions on Resale

TargetCo acknowledges and agrees to make commercially reasonable efforts, on or prior to the Closing Date, to ensure that the TargetCo Securityholders understand, acknowledge, agree to and comply with the following:

- (a) the transfer of the Exchanged TargetCo Securities and the issuance of the Consideration Securities, in exchange therefor, will be made pursuant to applicable exemptions, including exemption 2.11 – *Business Combination and Reorganization* of NI 45-106, from registration and prospectus (or equivalent) requirements of the Applicable Securities Laws (the “**Exemptions**”);
- (b) that the CSE, in addition to any restrictions on transfer imposed by Applicable Securities Laws, may require certain of the Consideration Securities to be held in escrow in accordance with the policies of the CSE;
- (c) as a consequence of acquiring the Consideration Securities, pursuant to the Exemptions:
  - (i) the TargetCo Securityholders will be restricted from using certain of the civil remedies, including statutory rights of rescission or damages, available under Applicable Securities Laws;
  - (ii) the TargetCo Securityholders may not receive information that might otherwise be required to be provided to the TargetCo Securityholders, and the Purchaser is

relieved from certain obligations that would otherwise apply under Applicable Securities Laws if the Exemptions were not being relied upon by the Purchaser;

- (iii) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the Consideration Securities;
  - (iv) there is no government or other insurance covering the Consideration Securities; and
  - (v) an investment in the Consideration Securities is speculative and of high risk;
- (d) the certificates representing the Consideration Securities will bear such legends as required by Applicable Securities Laws, the policies of the CSE and as further set out in the U.S. Representation Letter attached hereto as Schedule “C”, and it is the responsibility of the TargetCo Securityholders to find out what those restrictions are and to comply with them before selling the Consideration Securities;
- (e) In addition to the above legends, as applicable, the TargetCo Securityholders understand that the Consideration Securities and any securities issued in respect of or exchange for the Consideration Securities, will be notated with the following additional legend:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE SHALL NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE TRADED BEFORE [FOUR MONTHS FROM THE CLOSING DATE].”

- (f) the TargetCo Securityholders are knowledgeable of, or have been independently advised as to, the Applicable Laws of that jurisdiction which apply to the sale of the Consideration Securities and the issuance of the Consideration Securities, and which may impose restrictions on the resale of such Consideration Securities in that jurisdiction and it is the responsibility of the TargetCo Securityholders to find out what those resale restrictions are, and to comply with them before selling the Consideration Securities;
- (g) the Consideration Securities have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and that the Consideration Securities may not be offered or sold in the United States or to a U.S. Person without registration under the U.S. Securities Act and any applicable state securities laws or in compliance with the requirements of an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws;
- (h) each U.S. TargetCo Securityholder understands that the offer and sale of the Consideration Securities by the Purchaser to a U.S. Person, or to, or for the account or benefit of, a U.S. Person or any person in the United States as contemplated hereby is being made in reliance on available exemptions from such registration requirements provided by Rule 506(b) of Regulation D and/or Section 4(a)(2) of the U.S. Securities Act and applicable state securities laws;
- (i) any Consideration Securities issued to any U.S. TargetCo Securityholder or in exchange for the Exchangeable Units will be “restricted securities” within the meaning of Rule

144(a) under the U.S. Securities Act and will be subject to resale limitations imposed thereby and the U.S. Securities Act and bear a U.S. restrictive legend in substantially the following form:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF EARLY RESOURCES LTD. (THE “COMPANY”) THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATIONS UNDER THE U.S. SECURITIES ACT AND IN ACCORDANCE WITH ALL LOCAL LAWS AND REGULATIONS; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF CLAUSE (C) OR (D), THE SELLER FURNISHES TO THE COMPANY AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY TO SUCH EFFECT. THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT “GOOD DELIVERY” OF THE SECURITIES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE.”

- (j) each U.S. TargetCo Securityholder is familiar with the resale limitations imposed thereby and the U.S. Securities Act or has been independently advised of such resale limitations by an investment advisor or legal counsel; and
- (k) the TargetCo Securityholders will not offer or sell the Consideration Securities in the United States or to a U.S. Person, or for the account or benefit of, a U.S. Person or a person in the United States unless such securities are registered under the U.S. Securities Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available, and further the TargetCo Securityholders will not resell the Consideration Securities in any jurisdiction, except in accordance with the provisions of applicable securities legislation, regulations, rules, policies and Orders and stock exchange rules, and, if applicable, Rule 904 of Regulation S.

## **2.09 Disclosure Document**

- (a) Promptly after the execution of this Agreement, the Purchaser and TargetCo will jointly prepare a Listing Statement together with any other documents that may be required by Applicable Securities Laws and other Applicable Laws and the rules and policies of the CSE in connection with the intended listing of the Purchaser Shares on the CSE.
- (b) The Purchaser represents and warrants that the Listing Statement will comply in all material respects with all Applicable Laws (including Applicable Securities Laws), and, without limiting the generality of the foregoing, that the Listing Statement will not contain any untrue statement of a material fact or omit to state a material fact required to

be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that the Purchaser will not be responsible for the accuracy of any information relating to TargetCo that is furnished in writing by TargetCo for inclusion in the Listing Statement).

- (c) TargetCo represents and warrants that any information or disclosure relating to TargetCo that is furnished in writing by TargetCo for inclusion in the Listing Statement will comply in all material respects with all Applicable Laws (including Applicable Securities Laws), and, without limiting the generality of the foregoing, that the Listing Statement will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that TargetCo will not be responsible for the accuracy of any information relating to the Purchaser that is furnished in writing by the Purchaser for inclusion in the Listing Statement).
- (d) TargetCo, CRC, the Purchaser and their respective legal counsel will be given a reasonable opportunity to review and comment on drafts of the Listing Statement and other documents related thereto and to the Transaction, and reasonable consideration will be given to any comments made by TargetCo, CRC, the Purchaser and their respective counsel, provided that all information relating solely to the Purchaser included in the Listing Statement will be in form and content satisfactory to the Purchaser, acting reasonably, and all information relating solely to TargetCo included in the Listing Statement will be in form and content satisfactory to TargetCo, acting reasonably, and all information relating solely to CRC included in the Listing Statement will be in form and content satisfactory to CRC, acting reasonably.
- (e) The Purchaser and TargetCo will promptly notify each other if at any time before the date of filing in respect of the Listing Statement, either party becomes aware that the Listing Statement contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise require an amendment or supplement to the Listing Statement and the parties will cooperate in the preparation of any amendment or supplement to such documents, as the case may be, as required or appropriate.

## **2.10 U.S. Tax Treatment**

The parties to this Agreement intend that the exchange of Exchanged TargetCo Securities for Consideration Securities will constitute a single integrated transaction qualifying as a tax-deferred “reorganization” within the meaning of Section 368(a) of the U.S. Revenue Code, a tax deferred exchange under Section 351 of the U.S. Revenue Code, and that the Share Exchange shall constitute a “plan of reorganization” within the meaning of Treasury Regulation Section 1.368-2(g). The Purchaser is being treated as a U.S. corporation as a result of the ‘Inversion Rule’ codified in Section 7874 of the U.S. Revenue Code.

**ARTICLE III  
CONDITIONS OF CLOSING**

**3.01 Conditions of Closing in Favour of the Purchaser**

The obligations of the Purchaser to complete the Transaction are subject to the fulfillment of the following conditions on or before the Time of Closing:

- (a) TargetCo will have tendered all closing deliveries set forth in Sections 4.03, including delivery of the Exchanged TargetCo Securities, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers;
- (b) receipt of evidence of the TargetCo Securityholders' Approval and any other approval of the TargetCo Securityholders, as applicable;
- (c) the shareholders of Purchaser shall have authorized and provided approval to increase the number of directors of the Purchaser from three (3) to five (5) directors to accommodate the appointment of two (2) additional directors upon Closing;
- (d) the issued and outstanding shares of Series Z Preferred Stock of TargetCo shall be returned to treasury shares as provided in the certificate of designation for TargetCo;
- (e) the representations and warranties of TargetCo set forth in this Agreement will have been true and correct as of the date hereof and will be true and correct at the Time of Closing in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier), except as affected by the transactions contemplated by this Agreement, and a certificate of the CEO of TargetCo to this effect will have been delivered to the Purchaser;
- (f) all of the terms, covenants and conditions of this Agreement to be complied with or performed by TargetCo at or before the Time of Closing will have been complied with or performed and a certificate of the CEO of TargetCo to this effect will have been delivered to the Purchaser;
- (g) the Purchaser will be satisfied with the results of its due diligence investigations relating to TargetCo and the Transaction, acting reasonably;
- (h) other than pursuant to U.S federal laws, all consents, assignments, waivers, permits, orders and approvals of all Governmental Authorities or other persons, including all those party to the material contracts listed in the Disclosure Letter, necessary to permit the completion of the Transaction will have been obtained or have been attempted to be obtained on a best efforts basis;
- (i) there will not have been after the date of this Agreement any Material Adverse Effect with respect to TargetCo;
- (j) there will be no action taken under any applicable law by any court or Governmental Authority that makes it illegal or restrains, enjoins or prohibits the Transaction, results in a judgment or assessment of damages relating to the Transaction that is materially adverse to the Purchaser or TargetCo or that could reasonably be expected to impose any



condition or restriction upon the Purchaser or TargetCo which, after giving effect to the Transaction, would so materially and adversely impact the economic or business benefits of the Transaction as to render inadvisable the consummation of the Transaction;

- (k) there will be no legislation (whether by statute, regulation, order-in-council, notice of ways and means motion, by-law or otherwise) enacted, introduced or tabled which, in the opinion of the Purchaser, acting reasonably, would have a Material Adverse Effect or may have a Material Adverse Effect on the Transaction;
- (l) Purchaser, TargetCo, CRC, and CRC Members, as the case may be, shall have entered into the Ancillary Agreements; and
- (m) the Closing Date will be on or before the Termination Date.

The foregoing conditions precedent are for the benefit of the Purchaser and may be waived by the Purchaser, in whole or in part, without prejudice to the Purchaser's right to rely on any other condition in favour of the Purchaser.

### **3.02 Conditions of Closing in Favour of TargetCo and CRC**

The obligations of TargetCo and CRC to complete the Transaction are subject to the fulfillment of the following conditions on or before the Time of Closing:

- (a) the Purchaser will have tendered all closing deliveries set forth in Section 4.02 including delivery of the Consideration Securities being exchanged for Exchanged TargetCo Securities and evidence of the Shareholders' Approval, if required;
- (b) all consents, waivers, permits, Orders and approvals of all Governmental Authorities or other persons, necessary to permit the completion of the Transaction will have been obtained, including confirmation of the conditional listing on the CSE and the voluntary delisting from the TSXV;
- (c) the shareholders of Purchaser shall have authorized and approved to increase the number of directors of the Purchaser from three (3) to five (5) directors to accommodate the appointment of two (2) additional directors upon Closing;
- (d) the representations and warranties of the Purchaser set forth in this Agreement will have been true and correct as of the date hereof and will be true and correct at the Time of Closing in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier), except as affected by the transactions contemplated by this Agreement, and a certificate of the CEO of the Purchaser to this effect will have been delivered to TargetCo and CRC;
- (e) all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser at or before the Time of Closing will have been complied with or performed and a certificate of the CEO of the Purchaser to this effect will have been delivered to TargetCo and CRC;

- (f) TargetCo will be satisfied with the results of its due diligence investigations relating to the Purchaser and the Transaction, acting reasonably;
- (g) there will not have been after the date of this Agreement any Material Adverse Effect with respect to the Purchaser;
- (h) there will be no action taken under any applicable law by any court or Governmental Authority that makes it illegal or restrains, enjoins or prohibits the Transaction, results in a judgment or assessment of damages relating to the Transaction that is materially adverse to the Purchaser, TargetCo or CRC or that could reasonably be expected to impose any condition or restriction upon the Purchaser, TargetCo or CRC which, after giving effect to the Transaction, would so materially and adversely impact the economic or business benefits of the Transaction as to render inadvisable the consummation of the Transaction;
- (i) there will be no legislation (whether by statute, regulation, order-in-council, notice of ways and means motion, by-law or otherwise) enacted, introduced or tabled which, in the opinion of the TargetCo or CRC, acting reasonably, would have a Material Adverse Effect or may have a Material Adverse Effect on the Transaction;
- (j) Purchaser shall simultaneously close at the Time of Closing the Financing;
- (k) CRC and CRC Members shall have entered into the A&R LLC Agreement;
- (l) TargetCo Convertible Notes shall have converted into Class A Voting Units of CRC, and CRC shall be a Subsidiary of TargetCo and TargetCo shall be the sole manager of CRC;
- (m) Purchaser, TargetCo and CRC shall have entered into the Ancillary Agreements;
- (n) Purchaser shall have entered into executive employment agreements (the “**Executive Employment Agreements**”) with the management team of TargetCo upon mutually agreeable terms, each party acting reasonably; and
- (o) the Closing Date will be on or before the Termination Date.

The foregoing conditions precedent are for the benefit of TargetCo and CRC and may be waived by TargetCo or CRC, as applicable, in whole or in part, without prejudice to the right of TargetCo or CRC to rely on any other condition in favour of TargetCo or CRC.

### **3.03 Notice and Cure Provisions**

Each party will give prompt notice to the other parties hereto of the occurrence, or failure to occur, at any time from the date hereof until the Closing Date, of any event or state of facts which occurrence or failure would or would be likely to:

- (a) cause any of the representations or warranties of such party contained herein to be untrue or inaccurate on the date hereof or at the Closing Date; or
- (b) result in the failure by such party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such party hereunder prior to the Closing Date.

Subject to Article VII, no party may elect not to complete the Transaction as contemplated herein as a result of the non-fulfillment of the conditions precedent contained in Sections 3.01 or 3.02, as applicable, unless the party intending to rely thereon has delivered a written notice to the other parties hereto prior to the Time of Closing specifying, in reasonable detail, all breaches of representations and warranties or covenants or other matters which the party delivering such notice is asserting as the basis for the non-fulfillment of the applicable condition precedent.

## **ARTICLE IV CLOSING AND POST CLOSING ARRANGEMENTS**

### **4.01 Time and Place of Closing**

Closing of the Transaction will take place at the Time of Closing at the offices of McMillan LLP, Suite 1500, Royal Centre, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

### **4.02 Closing Deliveries of the Purchaser**

At the Time of Closing, the Purchaser will deliver or cause to be delivered:

- (a) share certificates evidencing the Consideration Securities registered as directed by TargetCo on behalf of the TargetCo Securityholders;
- (b) certificate(s) representing the Special Voting Shares shall be delivered to the Trustee;
- (c) executed copies of the Executive Employment Agreements and Ancillary Agreements;
- (d) if required, evidence of the Shareholders' Approval;
- (e) a certificate of the CEO of the Purchaser, dated as of the Closing Date, certifying: (i) that attached thereto are true and complete copies of the notice of articles and articles of the Purchaser (and all amendments thereto as in effect as on such date); (ii) all resolutions of the Board of the Purchaser approving the entering into of this Agreement and all ancillary agreements contemplated herein and the completion of the Transaction, including the issuance of the Consideration Securities, and (iii) as to the incumbency and genuineness of the signature of the officer of the Purchaser executing this Agreement or any of the other agreements or documents contemplated hereby;
- (f) approval from the CSE for conditional listing, subject only to the completion of the Financing and Transaction;
- (g) the officer's certificates referred to in Sections 3.02(d) and 3.02(e);
- (h) a certificate of good standing of the Purchaser;
- (i) resignation of the officers and directors of the Purchaser and resolutions consented to in writing by the Board of the Purchaser appointing Corey Mangold, Rene Suarez and up to three (3) further nominees of TargetCo as directors of the Purchaser; and
- (j) resolutions consented to in writing by the Board of the Purchaser appointing Corey Mangold as the CEO of the Purchaser and Rene Suarez as the COO and Secretary of the Purchaser.

#### **4.03 Closing Deliveries of TargetCo**

At the Time of Closing, TargetCo will deliver or cause to be delivered:

- (a) a certificate of the CEO of TargetCo, dated as of the Closing Date, certifying TargetCo's receipt of the TargetCo Securityholders' Approval and any other required approval of the TargetCo Securityholders, as applicable;
- (b) the officer's certificates referred to in Sections 3.01(e) and 3.01(f);
- (c) a certificate of good standing for TargetCo and CRC;
- (d) to the extent not previously delivered, all financial statements of TargetCo required to be included in the Listing Statement pursuant to Applicable Securities Laws and the policies of the CSE;
- (e) with respect to each TargetCo Securityholder, certificates evidencing the Exchanged TargetCo Securities owned by such TargetCo Securityholder, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers of attorney; and
- (f) with respect to U.S. TargetCo Securityholders, the U.S. Representation Letter attached as Schedule "C" to this Agreement; and
- (g) executed copies of the Ancillary Agreements to which it is a party.

#### **4.04 Closing Deliveries of CRC**

At the Time of Closing, CRC will deliver or cause to be delivered executed copies of the Ancillary Agreements to which it is a party.

### **ARTICLE V REPRESENTATIONS AND WARRANTIES**

#### **5.01 Representations and Warranties of the Purchaser**

The Purchaser represents and warrants to and in favour of TargetCo, CRC and CRC Members as follows, except as Disclosed, and acknowledges that TargetCo, CRC and CRC Members are relying upon such representations and warranties in connection with the transactions contemplated herein:

- (a) the Purchaser is a corporation validly existing and in good standing under the laws of the Province of British Columbia and is duly registered, licensed or qualified to carry on business as an extra-provincial or foreign corporation under the laws of the jurisdictions in which the nature of its business makes such registration, licensing or qualification necessary and has all requisite corporate power and corporate authority and is duly qualified and holds all material permits, licences, registrations, permits, qualifications, consents and authorizations necessary or required to carry on its business as now being conducted, and neither Purchaser, nor, to the knowledge of Purchaser, any other person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing the dissolution or winding up of Purchaser;

- (b) the Purchaser has the corporate power and capacity to enter into this Agreement, the Ancillary Agreements and each additional agreement or instrument to be delivered pursuant to this Agreement, to perform its obligations hereunder and thereunder, to own and lease its property, and to carry on its businesses as now being conducted;
- (c) this Agreement, the Executive Employment Agreements, and the Ancillary Agreements have been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by the Purchaser and each is, or will be at the Time of Closing, a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms;
- (d) the execution and delivery of this Agreement, the Executive Employment Agreements, and the Ancillary Agreements do not, and the consummation of the Transaction will not, (i) result in a breach or violation of the articles of the Purchaser or of any resolutions of the Board or shareholders of the Purchaser, (ii) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an encumbrance upon any material agreement (including any Purchaser Material Contract), license or permit to which the Purchaser is a party or by which the Purchaser is bound or to which any material assets or property of the Purchaser is subject, or (iii) violate any provision of any Applicable Law (including Applicable Securities Laws) or regulation or any judicial or administrative order, award, judgment or decree applicable to the Purchaser;
- (e) the authorized capital of the Purchaser currently consists of an unlimited number of Purchaser Shares, of which, as of the date hereof, 6,444,998 Purchaser Shares are issued and outstanding as fully paid and non-assessable;
- (f) when issued in accordance with the terms hereof, the Consideration Securities will be validly issued as fully paid and non-assessable Purchaser Shares;
- (g) there are no other Purchaser Shares or securities convertible, exercisable or exchangeable into Purchaser Shares issued or outstanding;
- (h) no person has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, options, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any unissued shares or other securities of the Purchaser;
- (i) the Purchaser has duly authorized and adopted the Purchaser EIP;
- (j) the Purchaser has complied and will comply fully with the requirements of all applicable corporate and Applicable Securities Laws in all matters relating to the Transaction, including the issue and exchange of the Consideration Securities. No consent, authorization, approval, permit or order of or filing with any governmental or regulatory authority is or will be required under current laws and regulations in connection with the execution and delivery of this Agreement or the offer, issuance, or delivery of the Consideration Securities, except, if applicable, notices of exemption;
- (k) there are no legal actions, suits, arbitrations or other legal, administrative or governmental proceedings or, to the knowledge of the Purchaser, threatened against the

Purchaser, or its properties or business, and the Purchaser is not aware of any pending investigations or facts which are likely to result in or form the basis for any such action, suit or other proceeding. The Purchaser is not in default with respect to any judgment, order or decree of any court or any governmental agency or instrumentality. The Purchaser has not been threatened with any action or proceeding under any business or zoning ordinance, law or regulation;

- (l) no order ceasing or suspending trading in securities of the Purchaser or prohibiting the sale of such securities has been issued to and is outstanding against the Purchaser or its directors, officers or promoters and, to the best of the Purchaser's knowledge, no investigations or proceedings for such purposes are pending or threatened;
- (m) the Purchaser will, within the required time, file with any applicable securities agency any documents, reports and information, in the required form, required to be filed by Applicable Securities Laws in connection with the Transaction, together with any applicable filing fees and other materials;
- (n) the Purchaser is not in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust or other material instrument or agreement to which it is a party or by which it or its property may be bound;
- (o) since the date of the Purchaser's most recent audited Financial Statements, the Purchaser has not, except as disclosed in the Public Record: (i) incurred any debts, obligations or liabilities, absolute, accrued or contingent and whether due or to become due, except current liabilities incurred in the ordinary course of business which will not materially and adversely affect the business, properties or prospects of the Purchaser; (ii) paid any obligation or liability other than, or discharged or satisfied any liens or encumbrances other than those securing, current liabilities, in each case in the ordinary course of business; (iii) declared or made any payment to or distribution to its shareholders as such, or purchased or redeemed any of its shares of capital stock, or obligated itself to do so; (iv) mortgaged, pledged or subjected to lien, charge, security interest or other encumbrance any of its assets, tangible or intangible, except in the ordinary course of business; (v) sold, transferred or leased any of its assets except in the ordinary course of business; (vi) suffered any physical damage, destruction or loss (whether or not covered by insurance) materially and adversely affecting the properties, business or prospects of the Purchaser; (vii) entered into any transaction other than in the ordinary course of business; (ix) issued or sold any Purchaser Shares or other securities or granted any options, warrants, or other purchase rights with respect thereto other than pursuant to this Agreement; (x) made any acquisition or disposition of any material assets or become involved in any other material transaction, other than for fair value in the ordinary course of business; (xi) increased the compensation payable, or to become payable, to any of its directors or employees, or made any bonus payment or similar arrangement with any of its directors or employees or increased the scope or nature of any fringe benefits provided for its directors or employees; or (xii) agreed to do any of the foregoing other than pursuant hereto;
- (p) the business and operations of the Purchaser have been and are being conducted in all material respects in accordance with all applicable laws, rules and regulations of all Governmental Authorities. Neither the execution nor delivery of, nor the performance of or compliance with, this Agreement nor the consummation of the Transaction will, with

or without the giving of notice or passage of time, result in any breach of, or constitute a default under, or result in the imposition of any lien or encumbrance upon any asset or property of the Purchaser pursuant to, any agreement or other instrument to which the Purchaser is a party or by which it or any of its properties, assets or rights is bound or affected, nor will such performance, compliance or consummation violate the articles of the Purchaser. The Purchaser is not in violation of its articles nor in material violation of, or in material default under, any lien, indenture, mortgage, lease, agreement, instrument, commitment or arrangement in any material respect. The Purchaser is not subject to any restriction which would prohibit it from entering into or performing its obligations under this Agreement;

- (q) the Purchaser has no subsidiaries;
- (r) the Purchaser (i) has been in compliance with any and all applicable Environmental Laws (as hereinafter defined), (ii) has obtained, maintained and complied with all certificates, permits, authorities, licenses or other approvals (collectively, “**Permits**”) required under applicable Environmental Laws to conduct its businesses as conducted (iii) is in compliance with all terms and conditions of any such Permit, (iv) is not subject to any pending or, to the knowledge of the Purchaser, threatened claim, controversy or dispute arising under or related to Environmental Laws and (v) has not caused and has not assumed by contract or otherwise responsibility or liability for the release of any Hazardous Materials (as hereinafter defined) at concentrations in excess of those allowed for under applicable Environmental Laws. As used in this Agreement, the term “**Environmental Laws**” means all federal, provincial, local or foreign laws relating to pollution or protection of human health, natural resources or the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata), including, without limitation, laws relating to emissions, discharges, releases or threatened releases of chemicals, pollutants, contaminants, or toxic or hazardous substances or wastes (collectively, “**Hazardous Materials**”) into the environment, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, as well as all authorizations, codes, decrees, demands or demand letters, injunctions, judgments, licenses, notices or notice letters, orders, permits, plans or regulations issued, entered, promulgated or approved thereunder;
- (s) the Purchaser has not knowingly withheld from the TargetCo any material facts known to the Purchaser and relating to the assets, business, operations, financial condition or prospects of the Purchaser. No representation or warranty in this Agreement or in any certificate, schedule, statement or other document furnished or to be furnished to TargetCo pursuant hereto or in connection with the Transaction contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact required to be stated herein or therein or necessary to make the statements herein or therein not misleading;
- (t) the Purchaser is a reporting issuer in British Columbia and Alberta, is listed on the NEX board of the TSXV and, to the best of its knowledge, is not in default of its filing obligations under the securities legislation in these jurisdictions;
- (u) the Purchaser does not own, and has not at any time owned, and does not have any agreements of any nature to acquire, directly or indirectly, any shares in the capital of or other equity or proprietary interests in any person, other than CRC, and the Purchaser

does not have any agreements to acquire or lease any material assets or properties or any other business operations;

- (v) no bankruptcy, insolvency or receivership proceedings have been instituted by Purchaser or, to the knowledge of Purchaser, are pending against Purchaser;
- (w) Purchaser has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified Purchaser of such Governmental Authority's intention to commence or to conduct any investigation that could be reasonably likely to have a Material Adverse Effect on Purchaser;
- (x) no current or former employee, officer or director of Purchaser is entitled to a severance, termination or other similar payment as a result of the Transaction;
- (y) the Corporate Records of Purchaser are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all Applicable Laws; and,
- (z) all Books and Records of Purchaser have been fully, properly and accurately kept and, where required, completed in accordance with generally accepted accounting principles, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein.

## **5.02 Representations and Warranties of TargetCo**

TargetCo represents and warrants to the Purchaser as follows, except as Disclosed, and acknowledges that the Purchaser is relying on such representations and warranties in connection with the transactions contemplated herein:

- (a) TargetCo is a corporation incorporated and validly existing under the laws of the State of Nevada and has all requisite corporate power and corporate authority and is duly qualified and holds all material permits, licences, registrations, permits, qualifications, consents and authorizations necessary or required to carry on its business as now conducted and to own, lease and/or operate the TargetCo Assets, and to carry on its business as now being conducted, and neither TargetCo nor, to the knowledge of TargetCo, any other person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing the dissolution or winding up of TargetCo, and TargetCo has all requisite corporate power and corporate authority to enter into this Agreement and each additional agreement or instrument delivered pursuant to this Agreement and to carry out its obligations hereunder and thereunder;
- (b) this Agreement has been, and the Support Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by TargetCo and each is, or will be at the Time of Closing, a legal, valid and binding obligation of TargetCo, enforceable against TargetCo in accordance with its terms;
- (c) the execution and delivery of this Agreement and the Support Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of any shareholders' agreement, including any resolutions of the TargetCo Securityholders, (ii)



conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an encumbrance upon any material agreement (including any TargetCo Material Contract), license or permit to which TargetCo is a party or by which TargetCo is bound or to which any material assets or property of TargetCo is subject, or (iii) violate any provision of any applicable law or regulation or any judicial or administrative order, award, judgment or decree applicable to TargetCo;

- (d) the authorized share capital of TargetCo, as of the date of this Agreement consists of 245,000,000 TargetCo Shares, and 5,000,000 shares of preferred stock of which 39,364,854 TargetCo Shares and two (2) shares of Series Z Preferred Stock are issued and outstanding as fully paid and non-assessable;
- (e) the only outstanding securities convertible, exchangeable, redeemable or exercisable into TargetCo Shares are the TargetCo Warrants issued pursuant to the Pre-RTO Financing;
- (f) other than as stated in Sections 5.02(d) and (e) above and except for the TargetCo Warrants to be issued pursuant to the Pre-RTO Financing, no person (other than the Purchaser pursuant to this Agreement) has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, options, warrants or convertible obligations of any nature, for the purchase, subscription, allotment, exchange or issuance of any TargetCo Shares or other securities of TargetCo;
- (g) other than its interest in CRC, TargetCo does not own and does not have any agreements of any nature to acquire, directly or indirectly, any shares in the capital of or other equity or proprietary interests in any person;
- (h) to the best of its knowledge, no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over TargetCo is required to be obtained by TargetCo in connection with the execution and delivery of this Agreement, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay TargetCo from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on TargetCo;
- (i) there is no suit, action or proceeding or, to the knowledge of TargetCo, pending or threatened against TargetCo that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on TargetCo, and there is no judgment, decree, injunction, rule or Order of any Governmental Authority outstanding against TargetCo causing, or which could reasonably be expected to cause, a Material Adverse Effect on TargetCo;
- (j) no bankruptcy, insolvency or receivership proceedings have been instituted by TargetCo or, to the knowledge of TargetCo, are pending against TargetCo;
- (k) TargetCo has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified

TargetCo of such Governmental Authority's intention to commence or to conduct any investigation that could be reasonably likely to have a Material Adverse Effect on TargetCo;

- (l) no current or former employee, officer or director of TargetCo is entitled to a severance, termination or other similar payment as a result of the Transaction;
- (m) the Corporate Records of TargetCo are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all Applicable Laws;
- (n) all Books and Records of TargetCo have been fully, properly and accurately kept and, where required, completed in accordance with generally accepted accounting principles, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein;
- (o) TargetCo is not a 'reporting issuer' or equivalent in any jurisdiction nor are any shares of TargetCo listed or quoted on any stock exchange or electronic quotation system;
- (p) other than pursuant to U.S federal laws with respect to the cultivation, manufacturing, sale, distribution and use of cannabis, the execution and delivery of this Agreement does not, and the consummation of the Transaction will not violate any provision of any Applicable Law or regulation or any judicial or administrative order, award, judgment or decree applicable to any of the TargetCo Securityholders;
- (q) the TargetCo Securityholders are the registered and beneficial owners of that number of TargetCo Securities held or beneficially owned by such TargetCo Securityholders (such TargetCo Securities comprising the Exchanged TargetCo Securities), free and clear of all Liens, charges, mortgages, security interests, pledges, demands, claims and other encumbrances of any nature whatsoever;
- (r) the Consideration Securities held by Non-Resident TargetCo Securityholders and issuable hereunder have not been and will not be registered under the securities laws of any foreign jurisdiction and that the issuance of the Consideration Securities pursuant to the terms of this Agreement is being made in reliance on applicable exemptions;
- (s) If a TargetCo Securityholder is a U.S. Person or was in the United States at the time the Consideration Securities were offered or at the time of execution and delivery of this Agreement, then TargetCo has made commercially reasonable efforts to certify that each U.S. TargetCo Securityholder qualifies as an "accredited investor" as that term is defined under Rule 501(a) of Regulation D promulgated under the U.S. Securities Act or is not an "accredited investor" but has a pre-existing substantive relationship with the Purchaser of which there can be no more than 35 U.S. TargetCo Securityholders that are not "accredited investors", and each U.S. TargetCo Securityholder has completed, executed and delivered a "U.S. Representation Letter for U.S. TargetCo Securityholders" in the form required by the Purchaser attached hereto as Schedule "C";
- (t) Unless the TargetCo Securityholder has completed, executed and delivered a " U.S. Representation Letter for U.S. TargetCo Securityholders" in the form required by the Purchaser, attached hereto as Schedule "C", TargetCo represents and warrants that the TargetCo Securityholder is not in the United States, is not a U.S. Person and is not

acquiring the Consideration Securities on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States, was not offered the Consideration Securities in the United States and was outside the United States at the time of execution and delivery of this Agreement, and TargetCo will make commercially reasonable efforts to confirm and provide the Purchaser with proof of the same;

- (u) the receipt of the Consideration Securities by Non-Resident TargetCo Securityholders does not contravene any of the applicable securities legislation in the jurisdiction in which it is resident and does not trigger: (i) any obligation to prepare and file a prospectus or similar document, or any other report with respect to such transfer; and (ii) any registration or other obligation on the part of Purchaser; and
- (v) to the knowledge of TargetCo, no representation or warranty of TargetCo contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

## **ARTICLE VI COVENANTS**

### **6.01 Mutual Covenants**

Each of the parties hereby covenants and agrees as follows:

- (a) to use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder which are reasonably under its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws and regulations to complete the Transaction in accordance with the terms of this Agreement. Without limiting the generality of the foregoing, in the event that any person, including without limitation, any securities regulatory authority, seeks to prevent, delay or hinder implementation of all or any portion of the Transaction or seeks to invalidate all or any portion of this Agreement, each of the parties will use commercially reasonable efforts to resist such proceedings and to lift or rescind any injunction or restraining order or other order or action seeking to stop or otherwise adversely affecting the ability of the parties to complete the Transaction;
- (b) to use commercially reasonable efforts to obtain, before the Time of Closing, all authorizations, waivers, exemptions, consents, orders and other approvals from domestic or foreign courts, Governmental Authorities, shareholders, TargetCo Securityholders and third parties as are necessary for the consummation of the transactions contemplated herein;
- (c) to use commercially reasonable efforts to defend or cause to be defended any lawsuits or other legal proceedings brought against it challenging this Agreement or the completion of the Transaction; no party will settle or compromise any claim brought against them in connection with the transactions contemplated by this Agreement prior to the Closing Date without the prior written consent of each of the others, such consent not to be unreasonably withheld or delayed;

- (d) to promptly notify each of the other parties if any representation or warranty made by it in this Agreement ceases to be true and correct in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier) and of any failure to comply in any material respect with any of its obligations under this Agreement;
- (e) to co-operate with each of the other parties hereto in good faith in order to ensure the timely completion of the Transaction;
- (f) to use commercially reasonable efforts to co-operate with each of the other parties hereto in connection with the performance by the other of its obligations under this Agreement; and
- (g) in the case of TargetCo, CRC and the Purchaser, to indemnify and hold harmless each of the other parties hereto (and, if applicable, such other parties' respective directors, officers, representatives and advisers) (collectively, the "**Non-Offending Persons**") from and against all third party claims, damages, liabilities, actions or demands to which the Non-Offending Persons may be subject insofar as such third party claims, damages, liabilities, actions or demands arise out of, or are based upon, the information supplied by TargetCo or the Purchaser, as applicable, for inclusion in the Listing Statement having contained a misrepresentation. TargetCo and the Purchaser will obtain and hold the rights and benefits of this subsection in trust for and on behalf of such parties' respective directors, officers, representatives and advisers. This Section 6.01(g) shall survive this Agreement for a period of eighteen (18) months from the date of the CSE listing.

## **6.02 Covenants of the Purchaser**

The Purchaser covenants and agrees with each of the TargetCo Securityholders, TargetCo, CRC and CRC Members that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VII, it will:

- (a) in a timely and expeditious manner:
  - (i) prepare, in consultation with TargetCo and CRC, the Listing Statement in prescribed form and in form and content acceptable to TargetCo and CRC, acting reasonably;
  - (ii) if required, obtain the Shareholders' Approval of the Transaction;
  - (iii) obtain the requisite Shareholders' Approval to authorize the alteration to the Purchaser's notice of articles and articles in order to create the Special Voting Shares, and to take all other necessary actions, including the filing of the notice of alteration with the BC Registrar of Companies, to effect such alteration to the Purchaser's notice of articles and articles;
  - (iv) file and/or deliver any document or documents as may be required in order for the Transaction as contemplated herein to be effective, including, without limitation, the Ancillary Agreements; and

- (v) file and/or deliver any document or documents required pursuant to Applicable Laws in connection with the Transaction as contemplated herein after the Closing;
- (b) ensure that the Listing Statement does not contain a misrepresentation as it relates to the Purchaser, including in respect of its assets, liabilities, operations, business and properties;
- (c) to make available and afford TargetCo, CRC, and its authorized representatives and, if requested by TargetCo or CRC, provide a copy of all title documents, Contracts, financial statements, Corporate Records, plans, reports, licences, orders, permits, Books and Records relating to the Purchaser. The Purchaser will afford TargetCo, CRC, and its authorized representatives every reasonable opportunity to have free and unrestricted access to the Purchaser's property, assets, undertaking, records and documents. At the request of TargetCo or CRC, the Purchaser will execute or cause to be executed such consents, authorizations and directions as may be necessary to permit any inspection of the Purchaser's business and any of its property or to enable TargetCo or CRC, as the case may be, or its authorized representatives to obtain full access to all files and records relating to any of the assets of the Purchaser maintained by governmental or other public authorities. The obligations in this Section 6.02(c) are subject to any access or disclosure contemplated herein not being otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained, provided that in such circumstance the Purchaser will be required to disclose that information has been withheld on this basis. The exercise of any rights of inspection by or on behalf of TargetCo and CRC under this Section 6.02(c) will not mitigate or otherwise affect the representations and warranties of the Purchaser hereunder.
- (d) except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained (provided that in such circumstance the Purchaser will be required to disclose that information has been withheld on this basis), furnish promptly to TargetCo or CRC (on behalf of the TargetCo Securityholders or CRC Members, as the case may be) a copy of each notice, report, schedule or other document or communication delivered, filed or received by the Purchaser in connection with or related to the Transaction, any filings under Applicable Laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein;
- (e) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Transaction as contemplated herein, including using commercially reasonable efforts to:
  - (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts, as applicable;
  - (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in

connection with the Transaction and participate and appear in any proceedings of either the Purchaser or TargetCo before any Governmental Authority to the extent permitted by such authorities; and

- (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction;
- (f) subject to Applicable Laws, not take any action, refrain from taking any action, or permit any action to be taken or not taken inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;
- (g) conduct and operate its business and affairs only in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other persons;
- (h) except as set forth in Section 6.02(a)(ii) above, not alter or amend its notice of articles or articles as the same exist at the date of this Agreement;
- (i) not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement, and without limiting the generality of the foregoing, it will not:
  - (i) make any distribution by way of dividend, distribution of property or assets, return of capital, severance payment, bonus or otherwise to or for the benefit of its shareholders, Board or officers;
  - (ii) increase or decrease its paid-up capital or purchase or redeem any shares; or
  - (iii) issue or enter into any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire, any such shares, except upon the exercise of share purchase warrants or options or conversion of convertible securities of the Purchaser outstanding as of the date hereof;
- (j) take all necessary corporate action and proceedings to approve and authorize the issuance of the Consideration Securities to the TargetCo Securityholders and to the CRC Members upon the exchange of the Exchangeable Units pursuant to the A&R LLC Agreement;
- (k) prepare and file with all applicable securities commissions such notifications and fees necessary to permit, or that are required in connection with, the issuance of the Consideration Securities to the TargetCo Securityholders and to the CRC Members, in each case, on a basis exempt from the prospectus and registration requirements of the Applicable Securities Laws of the provinces of Canada and the states within the United States in which the TargetCo Securityholders are resident;
- (l) not to authorize, sell or issue, or negotiate or enter into an agreement to sell or issue, any securities of the Purchaser (including those that are convertible or exchangeable into

securities of the Purchaser), other than as contemplated under this Agreement and the Support Agreement; and

- (m) issue Purchaser Shares in exchange for the Exchangeable Units as provided in the A&R LLC Agreement and the Support Agreement.

### **6.03 Covenants of TargetCo**

TargetCo and CRC covenant and agree with the Purchaser that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VII, they will:

- (a) in a timely and expeditious manner, assist the Purchaser in the preparation of the Listing Statement with respect to the Transaction, including providing such information in relation to the business, affairs, assets and properties of TargetCo and CRC as may be necessary to comply with Applicable Laws and the policies of the CSE;
- (b) ensure that the Listing Statement does not contain a misrepresentation as it relates to TargetCo and CRC, including in respect of its assets, liabilities, operations, business and properties;
- (c) to make available and afford the Purchaser and its authorized representatives and, if requested by the Purchaser, provide a copy of all title documents, Contracts, financial statements, Corporate Records, plans, reports, licences, Orders, permits, Books and Records and all other documents, information and data relating to TargetCo and CRC to the extent that any such documents exist. TargetCo and CRC will afford the Purchaser and its authorized representatives every reasonable opportunity to have free and unrestricted access to TargetCo's and CRC's property, assets, undertaking, Corporate Records and documents. At the request of the Purchaser, TargetCo and CRC will execute or cause to be executed such consents, authorizations and directions as may be necessary to permit any inspection of TargetCo's and CRC's business and any of its property or to enable the Purchaser or its authorized representatives to obtain full access to all files and records relating to any of the assets of TargetCo or CRC maintained by governmental or other public authorities. The obligations in this Section 6.03(c) are subject to any access or disclosure contemplated herein not being otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained, provided that in such circumstance TargetCo and CRC will be required to disclose that information has been withheld on this basis. The exercise of any rights of inspection by or on behalf of Purchaser under this Section 6.03(c) will not mitigate or otherwise affect the representations and warranties of TargetCo or CRC hereunder.
- (d) except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained (provided that in such circumstance TargetCo will be required to disclose that information has been withheld on this basis), furnish promptly to the Purchaser a copy of each notice, report, schedule or other document or communication delivered, filed or received by TargetCo in connection with or related to the Transaction, any filings under Applicable Laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein;

- (e) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Transaction, including using commercially reasonable efforts to:
  - (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts;
  - (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of either TargetCo or the Purchaser before any Governmental Authority to the extent permitted by such authorities; and
  - (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction;
- (f) subject to Applicable Laws, not take any action, refrain from taking any action, or permit any action to be taken or not taken inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;
- (g) conduct and operate its business and affairs only in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other persons and, for greater certainty, it will not enter into any material transaction out of the ordinary course of business consistent with past practice without the prior consent of the Purchaser, CRC and TargetCo will keep the Purchaser fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver could not be obtained;
- (h) not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement, and without limiting the generality of the foregoing, it will not:
  - (i) make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its TargetCo Securityholders;
  - (ii) increase or decrease its paid-up capital or purchase or redeem any shares; or
  - (iii) issue or enter into any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire any such shares;



- (i) obtain TargetCo Securityholders' Approval of the Transaction and the Support Agreement and take all necessary corporate action and proceedings to approve and authorize the valid and effective transfer of the Exchanged TargetCo Securities to the Purchaser;
- (j) obtain CRC Members approval of the Transaction, the Support Agreement and A&R LLC Agreement;
- (k) obtain approval of certain CRC Members to the Voting Trust Agreement;
- (l) in a timely and expeditious manner, provide such information with respect to the TargetCo Securityholders as the Purchaser may reasonably require in connection with the preparation of the Disclosure Documents with respect to the Transaction and as may be necessary to comply with Applicable Laws and the policies of the CSE;
- (m) not encumber in any manner the Exchanged TargetCo Securities and ensure that at the Time of Closing the Exchanged TargetCo Securities are free and clear of all Liens, charges, mortgages, security interests, pledges, demands, claims and other encumbrances whatsoever.

## **ARTICLE VII TERMINATION**

### **7.01 Termination**

This Agreement may be terminated at any time prior to the Closing:

- (a) by mutual written consent of all the parties hereto;
- (b) by either TargetCo, CRC or the Purchaser if the Closing will not have been consummated on or prior to the Termination Date, without liability to the terminating party on account of such termination.

### **7.02 Effect of Termination**

Upon termination of this Agreement in accordance with the terms hereof, the parties hereto will have no further obligations under this Agreement, other than the obligations contained in Sections 8.03 and 8.08.

## **ARTICLE VIII GENERAL**

### **8.01 Power of Attorney**

TargetCo hereby represents and warrants that it is severally and irrevocably appointed as agent and attorney of each of the TargetCo Securityholders to take any action that is required under this Agreement or to execute and deliver any documents on their behalf, including without limitation, for the purposes of all Closing matters (including without limitation, the receipt of certificates representing the Consideration Securities) and deliveries of documents and do and cause to be done all such acts and things as may be necessary or desirable in connection with the closing matters for the Transaction.

Without limiting the generality of the foregoing, TargetCo may, on its own behalf and on behalf of the TargetCo Securityholders, extend the Time of Closing, modify or waive any conditions as are contemplated herein, negotiate, settle and deliver the final forms of any documents that are necessary or desirable to give effect to the Transaction, extend such time periods as may be contemplated herein or terminate this Agreement, in its absolute discretion, as it deems appropriate. The Purchaser will have no duty to enquire into the validity of any document executed or other action taken by TargetCo on behalf of the TargetCo Securityholders pursuant to this Article VIII.

CRC hereby represents and warrants that it is severally and irrevocably appointed as agent and attorney of each of the CRC Member to take any action that is required under this Agreement or to execute and deliver any documents on their behalf, including without limitation, for the purposes of all Closing matters (including without limitation, the receipt of certificates representing the Consideration Securities) and deliveries of documents and do and cause to be done all such acts and things as may be necessary or desirable in connection with the closing matters for the Transaction. Without limiting the generality of the foregoing, CRC may, on its own behalf and on behalf of the CRC Members, extend the Time of Closing, modify or waive any conditions as are contemplated herein, negotiate, settle and deliver the final forms of any documents that are necessary or desirable to give effect to the Transaction, extend such time periods as may be contemplated herein or terminate this Agreement, in its absolute discretion, as it deems appropriate. The Purchaser will have no duty to enquire into the validity of any document executed or other action taken by CRC on behalf of the CRC Members pursuant to this Article VIII.

#### **8.02 Notices**

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement (each, a “**notice**”) will be in writing will be in writing addressed as follows:

- (a) if to the Purchaser:

Earny Resources Ltd.  
1575 Kamloops Street  
Vancouver, British Columbia V5K 3W1  
Attention: Navin Varshney  
E-mail: naveenv@shaw.ca

with a courtesy copy (which copy will not constitute notice to the Purchaser) to:

McMillan LLP  
1500 Royal Centre  
1055 West Georgia Street  
Vancouver, British Columbia V6E 4N7  
Attention: Jeff Wust  
E-mail: jeff.wust@mcmillan.ca

- (b) if to TargetCo:

CR International, Inc.  
17865 Sky Park Cir. Ste H  
Irvine, California 92614  
Attention: Rene Suarez  
E-mail: rene@orchidessentials.com

with a courtesy copy (which copy will not constitute notice to TargetCo) to:

Clifton Cannabis Law, LLC  
 1735 SW Chandler Avenue, Suite 1  
 Bend, Oregon 97702  
 Attention: Jennifer Clifton  
 E-mail: jennifer@cliftonlawllc.com

Or such other address as may be designated by notice given by either TargetCo or the Purchaser to the other in accordance with this Section 8.02. Each notice will be personally delivered to the addressee or sent by e-mail to the addressee and a notice which is personally delivered or sent by email will, if delivered or sent prior to 4:00 p.m. (local time of the recipient) on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the next Business Day.

### **8.03 Confidentiality**

Prior to Closing and, if the Transaction is not completed, at all times thereafter, each of the parties hereto will keep confidential and refrain from using all information obtained by it in connection with the transactions contemplated by this Agreement relating to any other party hereto, provided however that such obligation will not apply to any information which was in the public domain at the time of its disclosure to a party or which subsequently comes into the public domain other than as a result of a breach of such party's obligations under this Section 8.03. For greater certainty, nothing contained herein will prevent any disclosure of information which may be required pursuant to Applicable Laws or pursuant to an order in judicial or administrative proceedings or any other order made by any Governmental Authority.

### **8.04 Assignment**

No party may assign this Agreement or its rights or obligations hereunder without the prior written consent of the other parties hereto.

### **8.05 Binding Effect**

This Agreement will be binding upon and will enure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns.

### **8.06 Waiver**

No waiver of any provision of this Agreement will constitute a waiver of any other provision, nor will any waiver constitute a continuing waiver unless otherwise expressly provided.

### **8.07 Governing Law**

This Agreement will be governed by and construed and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and is to be treated in all respects as a British Columbia contract. If a controversy or dispute arises between the parties with regard to this Agreement, the parties agree to submit such controversy or dispute first to mediation, and if that does not resolve the dispute, then to binding arbitration before a mediator and an arbitrator appointed by, and in accordance with the rules and procedures of the American Arbitration Association, or organization of similar stature located in the Irvine, California, or a location otherwise agreed to by all

parties. The parties agree to abide by the terms of any award rendered by the arbitrator, and the judgment upon any such award may be entered in any court having jurisdiction thereof. In addition to rendering a decision regarding such controversy or dispute, the arbitrator will award the prevailing party, as determined by the arbitrator, such party reasonable attorneys' fees and expenses in connection with such arbitration. If any party commences a legal action based on a dispute or refuses to first attempt to resolve the matter through mediation and arbitration, then such party will not be entitled to recover attorneys' fees, even if they would have otherwise been available to such party in any such action.

#### **8.08 Expenses**

Each party will be responsible for and bear all of its own costs and expenses (including any legal, accounting, banking, broker's, finder's, consultant's or other fees or expenses) incurred in connection with the Transaction, including fees and expenses of its representatives incurred at any time in connection with pursuing or consummating the Transaction.

#### **8.09 No personal Liability**

- (a) No director, officer, employee or agent of the Purchaser will have any personal liability whatsoever to TargetCo under this Agreement or any other document delivered in connection with the Transaction on behalf of the Purchaser.
- (b) No director, officer, employee or agent of TargetCo or CRC (in such capacity) will have any personal liability whatsoever to the Purchaser under this Agreement or any other document delivered in connection with the Transaction on behalf of TargetCo and CRC.

#### **8.10 Time of Essence**

Time is of the essence of this Agreement and of each of its provisions.

#### **8.11 Public Announcements**

TargetCo, CRC and the Purchaser will co-operate with the other in releasing information concerning this Agreement and the Transaction, and will furnish to and discuss with the other drafts of all press and other releases prior to publication. No press release or other public announcement concerning the proposed Transaction will be made by any party hereto without the prior consent of the other parties, such consent not to be unreasonably withheld or delayed; provided that nothing contained herein will prevent any party hereto at any time from furnishing any information to any Governmental Authority or to the public if so required by applicable law.

#### **8.12 Further Assurances**

Each party will, upon request but without further consideration, from time to time promptly execute and deliver all further documents and take all further action necessary or appropriate to give effect to and perform the provisions and intent of this Agreement and to complete the Transaction.

#### **8.13 Entire Agreement**

This Agreement, together with the documents required to be delivered pursuant to this Agreement, constitute the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or

written, between the parties hereto with respect to the subject matter hereof including the Plan of Share Exchange and the Ancillary Agreements. There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained in this Agreement and any document delivered pursuant to this Agreement.

#### **8.14 Amendments**

No amendment of any provision of this Agreement will be binding on any party unless consented to in writing by such party.

#### **8.15 Severability**

In the event that any provision or part of this Agreement is determined by any court or other judicial or administrative body to be illegal, null, void, invalid or unenforceable, that provision will be severed to the extent that it is so declared and the other provisions of this Agreement will continue in full force and effect.

#### **8.16 Remedies Cumulative**

The rights and remedies of the parties under this Agreement are cumulative and in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by any party hereto of any right or remedy for default or breach of any term, covenant or condition of this Agreement does not waive, alter, affect or prejudice any other right or remedy to which such party may be lawfully entitled for the same default or breach.

#### **8.17 Counterparts**

This Agreement may be executed and delivered in one or more counterparts and may be executed and delivered by facsimile or any other electronically communicated method, each of which when executed and delivered will be deemed an original and all of which counterparts together will be deemed to constitute one and the same instrument.

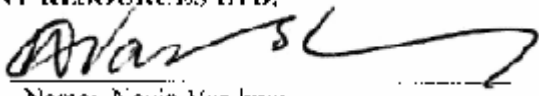
#### **8.18 Independent Legal Advice**

EACH PARTY ACKNOWLEDGES, CONFIRMS AND AGREES THAT HE, SHE OR IT HAS HAD THE OPPORTUNITY TO SEEK AND WAS NOT PREVENTED OR DISCOURAGED BY ANY PARTY HERETO FROM SEEKING INDEPENDENT LEGAL ADVICE PRIOR TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT AND THAT, IN THE EVENT THAT ANY PARTY DID NOT AVAIL HIMSELF/HERSELF/ITSELF WITH THAT OPPORTUNITY PRIOR TO SIGNING THIS AGREEMENT, SUCH PARTY DID SO VOLUNTARILY WITHOUT ANY UNDUE PRESSURE AND AGREES THAT SUCH PARTY'S FAILURE TO OBTAIN INDEPENDENT LEGAL ADVICE WILL NOT BE USED BY HIM/HER/IT AS A DEFENCE TO THE ENFORCEMENT OF HIS/HER/ITS OBLIGATIONS UNDER THIS AGREEMENT.

*[Signature pages follow.]*

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto on the date first above written.

**EARNY RESOURCES LTD.**

By:   
Name: Navin Varshney  
Title: Chief Executive Officer

**CR INTERNATIONAL, INC.**

By: \_\_\_\_\_  
Name: Corey Mangold  
Title: Chief Executive Officer

By: \_\_\_\_\_  
Name: Rene Suarez  
Title: Chief Operating Officer

**CR COMPANIES, LLC**

By: \_\_\_\_\_  
Name: Corey Mangold  
Title: Manager

By: \_\_\_\_\_  
Name: Rene Suarez  
Title: Manager

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto on the date first above written.

**EARNY RESOURCES LTD.**

By: \_\_\_\_\_  
Name: Navin Varshney  
Title: Chief Executive Officer

**CR INTERNATIONAL, INC.**

By: \_\_\_\_\_  
Name: Corey Mangold  
Title: Chief Executive Officer

By: \_\_\_\_\_  
Name: Rene Suarez  
Title: Chief Operating Officer

**CR COMPANIES, LLC**

By: \_\_\_\_\_  
Name: Corey Mangold  
Title: Manager

By: \_\_\_\_\_  
Name: Rene Suarez  
Title: Manager

**Schedule “A”**

**Plan of Share Exchange  
Between  
Earny Resources Ltd. and CR International, Inc.**

*[See Attached]*



**PLAN OF SHARE EXCHANGE CR INTERNATIONAL, INC., A NEVADA  
CORPORATION  
EARNY RESOURCES LTD., A BRITISH COLUMBIA CORPORATION**

This plan of share exchange (this “*Plan of Share Exchange*”), made by and between CR International, Inc., a Nevada corporation (“*CRI*”), and Earny Resources Ltd., a British Columbia corporation (“*Earny*”), sets forth the terms and conditions by which Earny shall acquire all of the issued and outstanding stock of CRI pursuant to Nevada Revised Statute (NRS) 92A.190 – Merger or Exchange with Foreign Entity.

**RECITALS**

**WHEREAS**, the total number of authorized and outstanding shares and warrants of CRI is as follows:

245,000,000 authorized shares of \$0.001 par value of which 39,364,854 are outstanding; and

559,200 Warrants are outstanding.

**WHEREAS**, the boards of directors of CRI and Earny have determined that it is advisable and in the best interests of their respective corporations for all of the shareholders and warrant holders of CRI to exchange their shares and warrants in CRI for shares and warrants of Earny as set forth in the Plan of Share Exchange (the “*Share Exchange*”).

**WHEREAS**, Earny, CR Companies, LLC, a California limited liability company (“**CRC**”), and all of the holders of units and all other equity securities of CRC, if any, have, concurrently with the execution of this Plan of Exchange, entered into certain ancillary agreements, pursuant to which all of the holders of units and any other equity securities of CRC shall, over the course of up to four years, exchange their respective units and any other equity securities for common shares of Earny, with the effect that CRC shall, after a period of not longer than four years from the date of the Share Exchange Agreement, be a wholly owned subsidiary of Earny.

**WHEREAS**, the board of directors of CRI has recommended that its shareholders approve this Exchange.

**NOW, THEREFORE**, CRI and Earny hereby agree upon and adopt this Plan of Share Exchange.

## ARTICLE I TERMS AND CONDITIONS

**1.01 Terms of Exchange** In consideration for the exchange and acquisition of the issued and outstanding securities of CRI, Earny will on the Effective Date issue from treasury to the CRI securityholders, pro rata in proportion to their holdings of CRI securities, certain Earny securities (the “**Consideration Securities**”) on the following basis:

- (a) holders of shares of Common Stock of CRI (“**CRI Shares**”) will each receive one (1) common share in the capital of Earny (“**Earny Shares**”) in exchange for one (1) CRI Share; and
- (b) holders of warrants .

**1.02 Effective Date** After the adoption of this Plan of Share Exchange by the vote of the requisite number of holders of shares of CRI (voting as a single class), this Plan of Share Exchange shall become effective on the date the Articles of Exchange, respectively, have been filed with the Secretary of State of the State of Nevada (the “**Effective Date**”).

### **1.03 Effect of Share Exchange.**

Upon the Effective Date, CRI shall become a wholly owned subsidiary of Earny.

## ARTICLE II CHARTER DOCUMENTS, DIRECTORS AND OFFICERS

**2.01 Certificate of Incorporation and Bylaws** The certificate of incorporation of Earny, as in effect on the Effective Date, shall continue to be the certificate of incorporation of Earny until amended in accordance with the provisions thereof and applicable law.

**2.02 Directors and Officers of CRI** The directors of CRI shall continue in office for their current terms and until their successors are elected and qualified, or until their death, resignation or removal. The officers of CRI shall become the officers of Earny on the Effective Date and shall serve at the pleasure of the board of directors.

## ARTICLE III CONDITIONS TO EXCHANGE

The consummation of the Share Exchange and the other transactions contemplated by this agreement is subject to the principal terms of this Plan of Share Exchange having been approved by the shareholders of CRI prior to or on the Effective Date.

## ARTICLE IV MISCELLANEOUS

**4.01 Service of Process in Nevada** Earny hereby consents to service of process in the State of Nevada in a proceeding for the enforcement of an obligation of a constituent corporation and in a proceeding for the enforcement of the rights of a dissenting shareholder of a constituent corporation against CRI. The Secretary of State of the State of Nevada is hereby appointed as the agent of Earny to accept service of process in any such proceeding, and the process may be forwarded to CRI International, Inc., 17865 Sky Park Cir. Ste H, Irvine, California 92614, Attention: Rene Suarez.

**4.02 Payments to Dissenting Shareholders** The surviving corporation agrees that it will promptly pay to the dissenting shareholders of CRI the amount, if any, to which they are entitled under section 92A.460 of the Nevada Revised Statutes.

**4.03 Abandonment** At any time before the Effective Date, this Plan of Share Exchange may be terminated and abandoned by agreement of the boards of directors of CRI and Earny, notwithstanding approval of this Plan of Share Exchange by the shareholders of CRI.

**4.04 Amendment** At any time before the Effective Date, this Plan of Share Exchange may be amended, modified or supplemented by the boards of directors of the parties hereto, notwithstanding approval of this Plan of Share Exchange by the shareholders of CRI, provided, however, that no such amendment, notification or supplement not approved by the shareholders changes any of the principal terms of this Plan of Share Exchange.

**4.05 Further Assurances** From time to time on and after the Effective Date, each party hereto agrees that it will execute and deliver or cause to be executed and delivered all such further assignments, assurances or other instruments, and shall take or cause to be taken all such further actions, as may be necessary or desirable to complete the Share Exchange provided for herein and the other transactions contemplated by this Plan of Share Exchange.

**4.06 Counterparts**

This Plan of Share Exchange may be executed in one or more counterparts and may be executed and delivered by electronic transmission, all of which taken together shall be deemed to constitute one and the same Plan of Share Exchange.

*[Signature Page(s) to Follow]*

**IN WITNESS WHEREOF**, this Plan of Share Exchange, having first been duly approved by the board of directors of CRI and Earny, is hereby executed on behalf of each of said corporations by their respective officers thereunto duly authorized.

**EARNY RESOURCES LTD., A BRITISH  
COLUMBIA CORPORATION**

**CRI INTERNATIONAL, INC., A NEVADA  
CORPORATION**

By: \_\_\_\_\_  
Name:  
Date:

By: \_\_\_\_\_  
Name:  
Date:

**Schedule "B"**

**TargetCo Securityholders of CR International Inc.**

*[See Attached]*

**Schedule “C”**

U.S. Representation Letter for U.S. TargetCo Securityholders

**TO: EARNY RESOURCES LTD. (“Earny”)**

**RE: ACQUISITION OF SECURITIES OF EARNY RESOURCES LTD. PURSUANT TO SECURITIES EXCHANGE AGREEMENT (the “Securities”)**

Capitalized terms not specifically defined in this certification have the meaning ascribed to them in the Securities Exchange Agreement to which this Schedule is attached. In the event of a conflict between the terms of this certification and such Securities Exchange Agreement, the terms of this certification will prevail.

In addition to the covenants, representations and warranties contained in the Securities Exchange Agreement to which this Schedule is attached, the undersigned (the “**U.S. TargetCo Securityholder**”) covenants, represents and warrants to Earny that:

- (a) It has such knowledge, skill and experience in financial, investment and business matters as to be capable of evaluating the merits and risks of an investment in the Securities and it is able to bear the economic risk of loss of its entire investment. To the extent necessary, the U.S. TargetCo Securityholder has retained, at his or her own expense, and relied upon, appropriate professional advice regarding the investment, tax and legal merits and consequences of the Securities Exchange Agreement and owning the Securities.
- (b) Earny has provided to it the opportunity to ask questions and receive answers concerning the terms and conditions of the offering and it has had access to such information concerning Earny as it has considered necessary or appropriate in connection with its investment decision to acquire the Securities, and that any answers to questions and any request for information have been complied with to the U.S. TargetCo Securityholder’s satisfaction.
- (c) It is acquiring the Securities for its own account, for investment purposes only and not with a view to any resale or distribution and, in particular, it has no intention to distribute either directly or indirectly the Securities in the United States or to, or for the account or benefit of, a U.S. Person or a person in the United States; provided, however, that this paragraph will not restrict the U.S. TargetCo Securityholder from selling or otherwise disposing of the Securities pursuant to registration thereof pursuant to the U.S. Securities Act and any applicable state securities laws or under an exemption from such registration requirements.
- (d) The address of the U.S. TargetCo Securityholder set out in the signature block below is the true and correct principal address of the U.S. TargetCo Securityholder and can be relied on by Earny for the purposes of state blue-sky laws and the U.S. TargetCo Securityholder has not been formed for the specific purpose of purchasing the Securities.
- (e) It understands (i) the Securities have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States; and (ii) the offer and sale contemplated hereby is being made in reliance on an exemption from such registration requirements in reliance on Rule 506(b) of Regulation D of the U.S. Securities Act.
- (f) The U.S. TargetCo Securityholder is
  - 1. (i) an “accredited investor” as defined in Rule 501(a) of Regulation D of the U.S. Securities Act by virtue of meeting one of the following criteria set forth in Appendix “A” hereto (**please hand-write your initials on the appropriate lines on Appendix “A”**), which Appendix “A” forms an integral part hereof; or

2. (ii) is not an “accredited investor” as defined in Rule 501(a) of Regulation D of the U.S. Securities Act, has a pre-existing substantive relationship with Earny, and has completed Appendix “B” hereto, which forms an integral part hereof.
- (g) The U.S. TargetCo Securityholder has not purchased the Securities as a result of any form of “general solicitation” or “general advertising” (as those terms are used in Regulation D under the U.S. Securities Act), including advertisements, articles, press releases, notices or other communications published in any newspaper, magazine or similar media or on the Internet, or broadcast over radio or television, or the Internet or other form of telecommunications, including electronic display, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.
- (h) It acknowledges that the Securities will be “restricted securities”, as such term is defined in Rule 144(a)(3) under the U.S. Securities Act, and may not be offered, sold, pledged, or otherwise transferred, directly or indirectly, without prior registration under the U.S. Securities Act and applicable state securities laws, and it agrees that if it decides to offer, sell, pledge or otherwise transfer, directly or indirectly, any of the Securities, it will not offer, sell or otherwise transfer, directly or indirectly, the Securities except:
- (i) to Earny;
  - (ii) outside the United States in an “offshore transactions” meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act, if available, and in compliance with applicable local laws and regulations;
  - (iii) in compliance with the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144 thereunder, if available, and in accordance with any applicable state securities or “blue sky” laws; or
  - (iv) in a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws governing the offer and sale of securities,
- and, in the case of each of (iii) and (iv) above, it has prior to such sale furnished to Earny an opinion of counsel in form and substance reasonably satisfactory to Earny stating that such transaction is exempt from registration under applicable securities laws and that the legend referred to in paragraph (k) below may be removed.
- (i) It understands and agrees that the Securities may not be acquired in the United States or by a U.S. Person or on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States unless registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration requirements is available.
- (j) It acknowledges that it has not purchased the Securities as a result of, and will not itself engage in, any “directed selling efforts” (as defined in Regulation S under the U.S. Securities Act) in the United States in respect of the Securities which would include any activities undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the resale of the Securities.
- (k) The certificates representing the Securities issued hereunder, as well as all certificates issued in exchange for or in substitution of the foregoing, until such time as the same is no longer required



under the applicable requirements of the U.S. Securities Act or applicable state securities laws and regulations, will bear, on the face of such certificate, the following legend:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF EARNY RESOURCES LTD. (THE “COMPANY”) THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATIONS UNDER THE U.S. SECURITIES ACT AND IN ACCORDANCE WITH ALL LOCAL LAWS AND REGULATIONS; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF CLAUSE (C) OR (D), THE SELLER FURNISHES TO THE COMPANY AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY TO SUCH EFFECT. THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT “GOOD DELIVERY” OF THE SECURITIES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE.”

provided, that if the Securities were issued at a time when Earny qualifies as a “foreign private issuer” as defined in Rule 405 under the U.S. Securities Act, and are being sold outside the United States in compliance with the requirements of Rule 904 of Regulation S and in compliance with Canadian local laws and regulations, the legend set forth above may be removed by providing an executed declaration to the registrar and transfer agent of Earny, in substantially the form set forth as Appendix “C” attached hereto (or in such other forms as Earny may prescribe from time to time) and, if requested by Earny or the transfer agent, an opinion of counsel of recognized standing in form and substance reasonably satisfactory to Earny and the transfer agent to the effect that such sale is being made in compliance with Rule 904 of Regulation S; and provided, further, that, if any Securities are being sold otherwise than in accordance with Regulation S and other than to Earny, the legend may be removed by delivery to the registrar and transfer agent and Earny of an opinion of counsel, of recognized standing reasonably satisfactory to Earny, that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws.

- (l) The certificates representing the Securities will also be imprinted with a restrictive legend substantially in the following form pursuant to Canadian securities laws:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) [THE CLOSING DATE] AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.”

- (m) It understands and agrees that there may be material tax consequences to the U.S. TargetCo Securityholder of an acquisition, holding or disposition of any of the Securities. Earny gives no opinion and makes no representation with respect to the tax consequences to the U.S. TargetCo Securityholder under United States, state, local or foreign tax law of the undersigned's acquisition, holding or disposition of such Securities. In particular, no determination has been made whether Earny will be a "passive foreign investment company" within the meaning of Section 1297 of the United States Internal Revenue Code of 1986, as amended.
- (n) It consents to Earny making a notation on its records or giving instructions to any transfer agent of Earny in order to implement the restrictions on transfer set forth and described in this certification and the Securities Exchange Agreement.
- (o) It understands and agrees that the financial statements of Earny have been or will be prepared in accordance with International Financial Reporting Standards and therefore may be materially different from financial statements prepared under U.S. generally accepted accounting principles and therefore may not be comparable to financial statements of United States companies.
- (p) It understands and acknowledges that Earny is incorporated outside the United States, consequently, it may be difficult to provide service of process on Earny and it may be difficult to enforce any judgment against Earny.
- (q) It understands that Earny does not have any obligation to register the Securities under the U.S. Securities Act or any applicable state securities or "blue-sky" laws or to take action so as to permit resales of the Securities. Accordingly, the U.S. TargetCo Securityholder understands that absent registration, it may be required to hold the Securities indefinitely. As a consequence, the U.S. TargetCo Securityholder understands it must bear the economic risks of the investment in the Securities for an indefinite period of time.

3. The foregoing representations contained in this certificate are true and accurate as of the date of this certificate and will be true and accurate as of the Time of Closing. If any such representations will not be true and accurate prior to the Time of Closing, the undersigned will give immediate written notice of such fact to Earny prior to the Time of Closing.

**ONLY U.S. SECURITYHOLDERS NEED COMPLETE AND SIGN**

Dated \_\_\_\_\_ 2018.

**X** \_\_\_\_\_  
Signature of individual (if U.S. TargetCo  
Securityholder **is** an individual)

**X** \_\_\_\_\_  
Authorized signatory (if U.S. TargetCo  
Securityholder is **not** an individual)

\_\_\_\_\_  
Name of U.S. TargetCo Securityholder (**please  
print**)

\_\_\_\_\_  
Address of U.S. TargetCo Securityholder (**please  
print**)

\_\_\_\_\_  
Name of authorized signatory (**please print**)

\_\_\_\_\_  
Official capacity of authorized signatory (**please  
print**)



capable of evaluating the merits and risks of the prospective investment);

5. Initials \_\_\_\_\_ A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of purchase, exceeds US\$1,000,000 (for the purposes of calculating net worth), (i) the person's primary residence will not be included as an asset; (ii) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of this certification, will not be included as a liability (except that if the amount of such indebtedness outstanding at the time of this certification exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess will be included as a liability); and (iii) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence will be included as a liability;
6. Initials \_\_\_\_\_ A natural person who had annual gross income during each of the last two full calendar years in excess of US\$200,000 (or together with his or her spouse in excess of US\$300,000) and reasonably expects to have annual gross income in excess of US\$200,000 (or together with his or her spouse in excess of US\$300,000) during the current calendar year, and no reason to believe that his or her annual gross income will not remain in excess of US\$200,000 (or that together with his or her spouse will not remain in excess of US\$300,000) for the foreseeable future;
7. Initials \_\_\_\_\_ Any director or executive officer of Earny; or
8. Initials \_\_\_\_\_ Any entity in which all of the equity owners meet the requirements of at least one of the above categories – *if this category is selected, you must identify each equity owner and provide statements from each demonstrating how they qualify as an accredited investor.*

**ONLY U.S. SECURITYHOLDERS WHO ARE ACCREDITED INVESTORS NEED TO COMPLETE AND SIGN**

Dated \_\_\_\_\_ 2018.

**X** \_\_\_\_\_  
Signature of individual (if U.S. TargetCo Securityholder **is** an individual)

**X** \_\_\_\_\_  
Authorized signatory (if U.S. TargetCo Securityholder is **not** an individual)

\_\_\_\_\_  
Name of U.S. TargetCo Securityholder (**please print**)

\_\_\_\_\_  
Address of U.S. TargetCo Securityholder (**please print**)

\_\_\_\_\_  
Name of authorized signatory (**please print**)

\_\_\_\_\_  
Official capacity of authorized signatory (**please print**)

**Appendix “B” to**

**U.S. REPRESENTATION LETTER FOR U.S. TARGETCO SECURITYHOLDERS**

**TO BE COMPLETED BY U.S. TARGETCO SECURITYHOLDERS THAT ARE NOT U.S. ACCREDITED INVESTORS**

In addition to the covenants, representations and warranties contained in the Securities Exchange Agreement and the Schedule “C” to which this Appendix is attached, the undersigned (the “**U.S. TargetCo Securityholder**”) covenants, represents and warrants to Earny (also referred to herein as the “**Company**”) that the U.S. TargetCo Securityholder understands that the Securities have not been and will not be registered under the U.S. Securities Act and that the offer and sale of the Securities to the U.S. TargetCo Securityholder contemplated by the Securities Exchange Agreement is intended to be a private offering pursuant to the exemption from registration provided by Rule 506(b) of Regulation D under the U.S. Securities Act.

Your answers will at all times be kept strictly confidential. However, by signing this suitability questionnaire (the “**Questionnaire**”) the U.S. TargetCo Securityholder agrees that the Company may present this Questionnaire to such parties as may be appropriate if called upon to verify the information provided or to establish the availability of an exemption from registration of the private offering under the federal or state securities laws or if the contents are relevant to issue in any action, suit or proceeding to which the Company is a party or by which it is or may be bound. A false statement by the U.S. TargetCo Securityholder may constitute a violation of law, for which a claim for damages may be made against the U.S. TargetCo Securityholder. Otherwise, your answers to this Questionnaire will be kept strictly confidential.

**Please complete the following questionnaire:**

**1. Relationship to the Officers of Directors**

Are you a relative of a director, senior officer or control person of the Company:	<b>Yes:</b> _____ <b>No:</b> _____
If yes, state the name of the director, senior officer or control person of the Company	_____
If yes, state the relationship to the director, senior officer or control person of the Company	_____

**2. Close Friend of Officer or Director**

Are you a close personal friend of a director, senior officer or control person of the Company:	<b>Yes:</b> _____ <b>No:</b> _____
If yes, state the name of the director, senior officer or control person of the Company	_____

If yes, state how long you have known the director, senior officer or control person of the Company	_____
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*A close personal friend is an individual who has known the director, senior officer or control person for a sufficient period of time to be in a position to assess the capabilities and trustworthiness of the director, senior officer or control person. An individual is not a close personal friend solely because the individual is a member of the same organization, association or religious group.*

**3. Close Business Associate of an Officer or Director**

Are you a close business associate of a director, senior officer or control person of the Company:	<b>Yes:</b> _____ <b>No:</b> _____
If yes, state the name of the director, senior officer or control person of the Company	_____
If yes, describe your business relationship with the director, senior officer or control person of the Company	_____

*A close business associate is an individual who has had sufficient prior business dealings with the director, senior officer or control person to be in a position to assess the capabilities and trustworthiness of the director, senior officer or control person. A casual business associate or a person introduced or solicited for the purpose of purchasing securities is not a close business associate. An individual is not a close business associate solely because the individual is a client or former client. For example, an individual is not a close business associate of a registrant or former registrant solely because the individual is a client or former client of that registrant or former registrant. The relationship between the individual and the director, senior officer or control person must be direct. For example, the exemption is not available for a close business associate of a close business associate of a director, senior officer or control person.*

**4. Income**

“**income**” will mean adjusted gross income as reported for federal tax purposes reduced by (a) any deduction for long term capital gain, (b) any deduction for depletion, (c) any exclusion for interest and (d) any losses allocated to the U.S. TargetCo Securityholder as an individual

(a) Was your annual income for the calendar year ended December 31, 2017 over US\$150,000?

**Yes** \_\_\_\_\_ **No** \_\_\_\_\_

(b) Was your annual income for the calendar year ended December 31, 2016 over \$150,000?

**Yes** \_\_\_\_\_ **No** \_\_\_\_\_

(c) Do you anticipate that your annual income for the year ended December 31, 2018 will be over \$150,000?



Yes \_\_\_\_\_ No \_\_\_\_\_

- (d) Do you anticipate that your current amount of income will change in the foreseeable future?

Yes \_\_\_\_\_ No \_\_\_\_\_

If so, when, why and to what amount will that income change?:

\_\_\_\_\_  
\_\_\_\_\_

- (e) If your responses to questions 4(a) through 4(c) were “No,” please provide your annual income for the calendar years ending December 31, 2017 and December 31, 2016.

**December 31, 2017: \$**

\_\_\_\_\_

**December 31, 2016: \$**

\_\_\_\_\_

- (f) If your responses to questions 4(a) through 4(c) were “No” please provide your joint annual income with your spouse for the calendar years ending December 31, 2017 and December 31, 2016.

**December 31, 2017: \$**

\_\_\_\_\_

**December 31, 2016: \$**

\_\_\_\_\_

## 5. Net Worth

- (a) Please provide your net worth (for the purposes of calculating net worth: (i) your primary residence will not be included as an asset; (ii) indebtedness that is secured by your primary residence, up to the estimated fair market value of the primary residence at the time of the sale and purchase of Securities contemplated by the accompanying Securities Exchange Agreement, will not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale and purchase of the Securities contemplated by the accompanying Securities Exchange Agreement exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess will be included as a liability); and (iii) indebtedness that is secured by your primary residence in excess of the estimated fair market value of the primary residence will be included as a liability)

**Net Worth: \$**

\_\_\_\_\_

- (b) Does your proposed purchase of the Securities exceed:

\_\_\_\_ 10% of your net worth (excluding your personal residence, home furnishings and automobiles)?

\_\_\_\_ 20% of your net worth (excluding your personal residence, home furnishings and automobiles)?

**6. Educational Background**

(a) Briefly describe educational background, relevant institutions attended, dates, degrees:

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(b) Briefly describe business involvement or employment during the past 10 years or since graduation from school, whichever period is shorter. (Specific employers need not be named. A sufficient description is needed to assist the Company in determining the extent of vocationally related experience in financial and business matters).

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**7. Investment experience**

(a) Please indicate the frequency of your investment in marketable securities:

Often;  Occasionally;  Seldom;  Never.

(b) Please indicate the frequency of your investment in commodities futures:

Often;  Occasionally;  Seldom;  Never.

(c) Please indicate the frequency of your investment in options:

Often;  Occasionally;  Seldom;  Never.

(d) Please indicate the frequency of your investment in securities purchased on margin:

Often;  Occasionally;  Seldom;  Never.

(e) Please indicate the frequency of your investment in unmarketable securities:

Often;  Occasionally;  Seldom;  Never.

- (f) Have you purchased securities sold in reliance on the private offering exemptions from registration pursuant to the U.S. Securities Act or any state laws during the past three years?

Yes \_\_\_\_\_ No \_\_\_\_\_

If you answered "Yes," please provide the following information:

<u>Year</u>	<u>Nature of Security</u>	<u>Business of issuer</u>	<u>Total amount invested</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

- (g) Do you believe you have sufficient knowledge and experience in financial and business affairs that you can evaluate the merits and risks of a purchase of the Securities?

Yes \_\_\_\_\_ No \_\_\_\_\_

- (h) Do you believe you have sufficient knowledge of investments in general, and investments similar to a purchase of the Securities in particular, to evaluate the risks associated with a purchase of the Securities?

Yes \_\_\_\_\_ No \_\_\_\_\_

You hereby acknowledge that the foregoing statements are true and accurate to the best of your information and belief and that you will promptly notify the Company of any changes in the foregoing answers.

**ONLY U.S. SECURITYHOLDERS WHO ARE NOT ACCREDITED INVESTORS NEED TO COMPLETE AND SIGN**

Dated \_\_\_\_\_ 2018.

**X** \_\_\_\_\_  
Signature of individual (if U.S. TargetCo Securityholder **is** an individual)

**X** \_\_\_\_\_  
Authorized signatory (if U.S. TargetCo Securityholder is **not** an individual)

\_\_\_\_\_  
Name of U.S. TargetCo Securityholder (**please print**)

\_\_\_\_\_  
Address of U.S. TargetCo Securityholder (**please print**)

\_\_\_\_\_  
Name of authorized signatory (**please print**)

\_\_\_\_\_  
Official capacity of authorized signatory (**please print**)

**Appendix “C” to**

**U.S. REPRESENTATION LETTER FOR U.S. TARGETCO SECURITYHOLDERS**

**Form of Declaration for Removal of Legend**

**TO: EARNY RESOURCES LTD. (the “Corporation”)**

**TO: Registrar and transfer agent for the shares of the Corporation**

The undersigned (A) acknowledges that the sale of \_\_\_\_\_ (the “**Securities**”) of the Corporation, represented by certificate number(s) \_\_\_\_\_, to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), and (B) certifies that (1) the undersigned is not (a) an “affiliate” of the Corporation (as that term is defined in Rule 405 under the U.S. Securities Act, except any officer or director of the Company who is an affiliate solely by virtue of holding such position) (b) a “distributor” as defined in Regulation S or (c) an affiliate of a distributor; (2) the offer of such Securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believed that the buyer was outside the United States, or (b) the transaction was executed on or through the facilities of the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or another “designated offshore securities market”, and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States; (3) neither the seller nor any affiliate of the seller nor any person acting on their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer and sale of such Securities; (4) the sale is bona fide and not for the purpose of “washing off” the resale restrictions imposed because the Securities are “restricted securities” (as that term is defined in Rule 144(a)(3) under the U. S. Securities Act); (5) the seller does not intend to replace such Securities with fungible unrestricted securities; and (6) the contemplated sale is not a transaction, or part of a series of transactions, which, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

Dated \_\_\_\_\_ 20\_\_.

**X** \_\_\_\_\_  
Signature of individual (if Seller **is** an individual)

**X** \_\_\_\_\_  
Authorized signatory (if Seller is **not** an individual)

\_\_\_\_\_  
Name of Seller (**please print**)

\_\_\_\_\_  
Name of authorized signatory (**please print**)

\_\_\_\_\_  
Official capacity of authorized signatory (**please print**)

**Affirmation by Seller's Broker-Dealer**  
**(Required for sales pursuant to Section (B)(2)(b) above)**

We have read the foregoing representations of our customer, \_\_\_\_\_ (the "Seller"), dated \_\_\_\_\_, 20\_\_, with regard to the sale, for such Seller's account, of \_\_\_\_\_ Purchaser Shares (the "Securities") of Earny Resources Ltd. (the "Corporation") represented by certificate number(s) \_\_\_\_\_. We have executed sales of the Securities pursuant to Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), on behalf of the Seller. In that connection, we hereby represent to you as follows:

- (1) no offer to sell Securities was made to a person in the United States;
- (2) the sale of the Securities was executed in, on or through the facilities of the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or another "designated offshore securities market" (as defined in Rule 902(b) of Regulation S under the U.S. Securities Act), and, to the best of our knowledge, the sale was not pre-arranged with a buyer in the United States;
- (3) no "directed selling efforts" were made in the United States by the undersigned, any affiliate of the undersigned, or any person acting on behalf of the undersigned; and
- (4) we have done no more than execute the order or orders to sell the Securities as agent for the Seller and will receive no more than the usual and customary broker's commission that would be received by a person executing such transaction as agent.

For purposes of these representations: "affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the undersigned; "directed selling efforts" means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the Securities (including, but not be limited to, the solicitation of offers to purchase the Securities from persons in the United States); and "United States" means the United States of America, its territories or possessions, any State of the United States, and the District of Columbia.

Legal counsel to the Corporation will be entitled to rely upon the representations, warranties and covenants contained herein to the same extent as if this affirmation had been addressed to them.

Name of Firm

\_\_\_\_\_  
Name of Firm

By: \_\_\_\_\_  
Authorized Officer

Dated: \_\_\_\_\_ 20\_\_.

**SCHEDULE D**

**A&R LLC AGREEMENT**

**AMENDED AND RESTATED  
OPERATING AGREEMENT  
FOR  
CR COMPANIES, LLC  
A CALIFORNIA LIMITED LIABILITY COMPANY**

THE SECURITIES REPRESENTED BY THIS AGREEMENT HAVE NEITHER BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR REGISTERED NOR QUALIFIED UNDER ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, DELIVERED AFTER SALE, TRANSFERRED, PLEDGED, OR HYPOTHECATED UNLESS QUALIFIED AND REGISTERED UNDER APPLICABLE STATE AND FEDERAL SECURITIES LAWS OR UNLESS, IN THE OPINION OF COUNSEL SATISFACTORY TO THE COMPANY, SUCH QUALIFICATION AND REGISTRATION IS NOT REQUIRED. ANY TRANSFER OF THE SECURITIES REPRESENTED BY THIS AGREEMENT IS FURTHER SUBJECT TO OTHER RESTRICTIONS, TERMS, AND CONDITIONS WHICH ARE SET FORTH HEREIN.



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The Members and the Manager hereby execute this Agreement, effective the Effective Date, for the purpose of establishing the affairs of the Company and the conduct of its business in accordance with the provisions of the Act. The Members hereby agree that during the term of the Company, the rights and obligations of the Members with respect to the Company will be determined in accordance with the terms and conditions of this Agreement and the Act. On any matter upon which this Agreement is silent, the Act shall control. No provision of this Agreement shall be in violation of the Act and to the extent any provision of this Agreement is in violation of the Act, such provision shall be void and of no effect to the extent of such violation without affecting the validity of the other provisions of this Agreement; *provided, however*, that where the Act provides that a provision of the Act shall apply “unless otherwise provided in the operating agreement” or words of similar effect, the provisions of this Agreement shall in each instance control. .... 8  
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The name of the Company shall be “CR Companies, LLC.” The business of the Company may be conducted under that name or, upon compliance with applicable laws, any other name that the Manager deem appropriate or advisable. The Manager may file any fictitious name certificates and similar filings, and any amendments thereto, that the Manager consider appropriate or advisable..... 8  
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6.4	Transfer. Prior to Transferring any Units, the Transferring holder of Units shall cause the prospective transferee to be bound by this Agreement and any other agreements executed by the holders of Units and relating to such Units in the aggregate (collectively, the “ <i>Other Agreements</i> ”), and shall cause the prospective transferee to execute and deliver to the Company and the other holders of Units counterparts of this Agreement and any applicable Other Agreements. Any Transfer or attempted Transfer of any Units in violation of any provision of this Agreement (including any prohibited indirect Transfers) shall be void, and in the event of any such Transfer or attempted Transfer, the Company shall not record such Transfer on its books or treat any purported transferee of such Units as the owner of such securities for any purpose. ....	21
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**AMENDED AND RESTATED  
OPERATING AGREEMENT  
FOR  
CR COMPANIES, LLC,**

**A CALIFORNIA LIMITED LIABILITY COMPANY**

This AMENDED AND RESTATED OPERATING AGREEMENT ("**Agreement**") is made as of September \_\_\_, 2018 ("**Effective Date**") by and among the parties listed on the signature pages hereof (each of whom is referred to individually as a "**Member**" and collectively as the "**Members**"), with reference to the following facts:

WHEREAS, CR Companies, LLC, a limited liability company organized under the laws of the State of California (the "**Company**"), was formed on November 9, 2017;

WHEREAS, certain of the Members (collectively, "**Original Members**") of the Company entered into that certain Operating Agreement of the Company, dated November 9, 2017 ("**Prior Operating Agreement**");

WHEREAS, the Members held Class A Units, Class B Units, and Class C Units (as defined in the Prior Operating Agreement, respectively, the "**Class A Units**," the "**Class B Units**," and the "**Class C Units**," respectively) of the Company;

WHEREAS, the Company desires to reorganize the Company with CR International, Inc., a Nevada corporation ("**CRI**"), for the purposes of effecting a business transaction ("**Transaction**") which will result in CRI becoming a wholly-owned subsidiary of Earny Resources, Ltd., a British Columbia Company ("**Pubco**") pursuant to the terms and conditions of the Securities Exchange Agreement entered into by and among Pubco, CRI and the Company ("**Securities Exchange Agreement**") as of August 31, 2018;

WHEREAS, Pubco is listed on the TSXV, and, in furtherance of the Transaction, Pubco will be delisting from the TSXV and relist on the Canadian Stock Exchange ("**CSE**");

WHEREAS, the Members hereby desire to amend and restate the Prior Operating Agreement as of the Effective Date (a) to reflect a split of the Prior Units from 1 to 15.98292857 Units ("**Split**"), (b) to reclassify all of the Prior Units into Class A Voting Units (defined below) and Class B Nonvoting Units (defined below) ("**Reclassification**"); (b) to set forth certain exchange rights for the Class B Nonvoting Units that enable such unitholders to directly exchange such units ("**Exchangeable Units**") into shares of common stock of Pubco ("**Pubco Shares**") at an exchange rate equal to one (1) Exchangeable Unit for one (1) Pubco Share, and (c) to appoint CRI as the Manager of the Company;

WHEREAS, immediately prior to the Split and the Reclassification, the outstanding Convertible Notes held by CRI shall be converted into 2,318,411 Class A Units, which shall be approximately 37,055,002 Class A Units, after giving effect to the Split;

WHEREAS, immediately after the Split and prior to the Closing of the Transaction, the holders of the Class A Units, other than CRI or any of its affiliates, ("**Legacy Controlling Members**") shall be converted into Class B Nonvoting Units; all the Class A Units held by CRI shall be reclassified as Class A Voting Units; the holders of all the Class B Units and the Class C Units shall be reclassified as Class B Nonvoting Units so that CRI will have full voting control over the Company and so that the Legacy Controlling Members and the holders of Class B Units and Class C Units will have Exchangeable Units;

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WHEREAS, at the closing of the Transaction, the Company, Pubco and CRI shall enter into a Support Agreement which shall provide, among other things, that so long as any Exchangeable Units of the Company are outstanding, Pubco and CRI shall take all such actions and do all such things as are necessary or desirable to enable and permit each of the Exchanging Members to exchange his, her or its units for Pubco Shares.

WHEREAS, at the closing of the Transaction, the Company, Pubco, and certain trustees ("*Trustees*") shall enter into a Voting Trust Agreement which shall provide, among other things, that to the extent any members owning Exchangeable Units have voting rights, if any, that the Trustees have the authority to exercise such member's voting rights at their sole discretion.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, the Manager and the Members, intending to be legally bound, hereby agree as follows:

NOW, THEREFORE, the parties by this Agreement set forth the operating agreement for the Company under the laws of the State of California upon the terms and subject to the conditions of this Agreement. All prior written, oral or implied operating agreements are superseded by this Agreement. This Company is a manager-managed limited liability company.

**ARTICLE I**  
**DEFINITIONS**

When used in this Agreement, the following terms shall have the meanings set forth below (all terms used in this Agreement that are not defined in this Article I shall have the meanings set forth elsewhere in this Agreement):

*"Act"* means the California Revised Uniform Limited Liability Company Act, codified in the California Corporations Code, Section 17701.01 et seq., as the same may be amended from time to time; *provided, however*, that any amendment to the Act, or any succeeding or successor law, is applicable to the Company only if the Company has elected to be governed by the Act as so amended or by such succeeding or successor law, as the case may be. The term "Act" shall refer to the Act as so amended or to such succeeding or successor law only after the appropriate election by the Company, if made, has become effective.

*"Adjusted Capital Account Deficit"* means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments: (i) Credit to such Capital Account any amounts which the Member is obligated to restore and the Member's share of Member Minimum Gain and Company Minimum Gain; and (ii) Debit to such Capital Account the items described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6).

*"Affiliate"* means any individual, partnership, corporation, trust or other entity, or association, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with the Company. The term "control," as used in the immediately preceding sentence, means, with respect to a corporation or limited liability company the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to any other entity or association, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled entity.

*"Agreement"* has the meaning set forth in the preamble to this Agreement.

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“**Articles**” means the Articles of Organization for the Company originally filed with the California Secretary of State and as amended from time to time.

“**Bankruptcy**” means: (a) The filing of an application by a Member for, or his or her consent to, the appointment of a trustee, receiver, or custodian of his or her other assets; (b) the entry of an order for relief with respect to a Member in proceedings under the United States Bankruptcy Code, as amended or superseded from time to time; (c) the making by a Member of a general assignment for the benefit of creditors; (d) the entry of an order, judgment, or decree by any court of competent jurisdiction appointing a trustee, receiver, or custodian of the assets of a Member unless the proceedings and the person appointed are dismissed within ninety (90) days; or (e) the failure by a Member generally to pay his or her debts as the debts become due within the meaning of Section 303(h)(1) of Title 11 of the United States Code, or the admission in writing of his or her inability to pay his or her debts as they become due.

“**Black-Out Period**” means any “black-out” or similar period under Pubco’s policies covering trading in Pubco’s securities to which the applicable Exchanging Member is subject, which period restricts the ability of such Exchanging Member to immediately resell shares of Pubco Shares to be delivered to such Exchanging Member in connection with a Direct Exchange.

“**Book Value**” means the adjusted basis of Property for federal income tax purposes increased or decreased by book gain, book loss, Built-In Gain, and Built-In Loss as reduced by depreciation, amortization or other cost recovery deductions, or otherwise, based on such Book Value.

“**Built-In Gain (or Loss)**” means the amount, if any, by which the agreed (as by the party making the contribution and the Manager) fair market value of contributed Property on the date of contribution, or, in the event that the Book Value of any Property has been adjusted pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(f), on the date of such adjustment, exceeds (or is lesser than) the adjusted basis of such Property.

“**Business Day**” means any day other than a Saturday or Sunday or a day on which the principal securities exchange on which the Pubco Shares are traded or quoted is closed or banks located in Toronto, Ontario, Canada or Los Angeles, California generally are authorized or required by Law to close.

“**Capital Account**” means with respect to any Member the account reflecting the capital interest of the Member in the Company, which the Company establishes and maintains for such Member pursuant to Section 3.6. The Members’ Capital Account balances as of the Effective Date are set forth on Exhibit “A”.

“**Capital Contributions**” means the total value of cash and agreed (as by the party making the Capital Contribution and the Manager) fair market value of other Property contributed to the Company (determined as of the date of contribution and net of liabilities secured by the contributed property that the Company is considered to assume or take “subject to” under Section 752 of the Code).

“**Capital Event**” means any transaction the proceeds of which are not includable in determining cash flow, including, without limitation, the sale or other disposition of all or substantially all of the Property of the Company, the receipt of insurance and other proceeds on account of an involuntary conversion of Property, any refinancing of any mortgage on the Property, or a similar event with respect to Property, but excluding the payment of Capital Contributions by the Members.

“**Cash from Operations**” means the net cash realized by the Company from all sources, including, but not limited to the operations of the Company and the sale or refinancing of all or any portion of the Property, or refinancing of the Property, or after payment of all cash expenditures of the Company, including, but not limited to, operating expenses, including all fees payable to the manager(s)



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of Affiliates, all payments of principal and interest on indebtedness, expenses for and such reserves and retentions as the Manager reasonably determines to be necessary and desirable in connection with the Company's operations in connection with its existing Property and any anticipated acquisitions.

**"Class A Members"** are members of the Company as a result of and to the extent of owning and holding Class A Voting Units. After the closing of the Transaction so long as Pubco is listed on the CSE and CRI is a wholly-owned subsidiary of Pubco, CRI shall be the sole Class A Member of the Company.

**"Class A Percentage Interest"** means the percentage interest of Class A Voting Units owned by a Class A Member in accordance with Members Schedule attached hereto. After the closing of the Transaction so long as Pubco is listed on the CSE and CRI is a wholly-owned subsidiary of Pubco, CRI shall own 100% of the Class A Voting Units.

**"Class A Voting Units"** means the Class A Voting Units of the Company reflecting the equity ownership interest in the Company authorized and defined in Section 3.2C and issued to the Class A Members as reflected on the Members Schedule attached hereto. Class A Voting Units shall be the only voting units of the Company.

**"Class B Members"** are members of the Company as a result and to the extent of owning and holding Class B Nonvoting Units.

**"Class B Percentage Interest"** means the percentage interest of Class B Nonvoting Units owned by a Class B Member in accordance with Members Schedule attached hereto.

**"Class B Nonvoting Units"** means the Class B Nonvoting Units of the Company further described in Section 3.2D and issued to the Class B Members as reflected on the Members Schedule attached hereto. Class B Nonvoting Units are nonvoting units.

**"Class Percentage Interest"** means to a Member as of any date, the percentage of an outstanding Voting Class held by such Member.

**"Code"** means the Internal Revenue Code of 1986, as amended from time to time, the provisions of succeeding law, and to the extent applicable, the Regulations.

**"Company"** means CR COMPANIES, LLC.

**"Company Minimum Gain"** shall have the meaning ascribed to the term "Partnership Minimum Gain" in the Regulations Section 1.704-2(d)(1).

**"Confidential Information"** shall have the meaning ascribed to it in Section 12.19A.

**"Corporations Code"** means the California Corporations Code, as amended from time to time, and the provisions of succeeding law.

**"CRI"** means CR International, Inc.

**"CSE"** shall have the meaning set forth in the recitals of this Agreement.

**"Designated Principal"** means, with respect to any Member that is not an individual, the individual listed as such Member's Designated Principal in on the members schedule.

**"Direct Exchange"** shall have the meaning ascribed in Section 7.1.

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**“Distributable Cash”** means the amount of cash which the Manager deems available for distribution to the Members, taking into account all Company debts, liabilities, and obligations of the Company then due and amounts which the Manager deems necessary to place into reserves for customary and usual claims with respect to the Company’s business, and monies necessary for the growth of the Company’s operations.

**“Distribution”** shall refer to any money or other property transferred without consideration to Members with respect to their interests in the Company but shall not include any payments to the Manager pursuant to Section 4.5. “Distribute” when used as a verb shall have a correlative meaning.

**“Economic Interest”** means a Member’s or Economic Interest Owner’s share of one or more of the Company’s taxable income, taxable losses, and distributions of the Company’s Property pursuant to this Agreement and the Act but shall not include any other rights of a Member, including, without limitation, the right to vote or participate in the management.

**“Economic Interest Owner”** means the owner of an Economic Interest who is not a Member.

**“Effective Date”** shall have the meaning ascribed to it above.

**“Exchange Date”** shall have the meaning ascribed to it in Section 7.1.

**“Exchange Notice”** shall have the meaning ascribed to it in Section 7.1.

**“Exchangeable Units”** shall have the meaning set forth above.

**“Exchanged Units”** shall have the meaning ascribed to it in Section 7.1.

**“Exchanging Member or Members”** shall have the meaning ascribed to it in Section 7.1 hereof.

**“Fiscal Year”** means the Company’s fiscal year, which shall be the calendar year.

**“Governmental Entity”** means (a) the United States of America, (b) any other sovereign nation, (c) any state, province, district, territory or other political subdivision of (a) or (b) of this definition, including any county, municipal or other local subdivision of the foregoing, or (d) any entity exercising executive, legislative, judicial, regulatory or administrative functions of government on behalf of (a), (b), or (c) of this definition.

**“Law”** means all laws, statutes, ordinances, rules and regulations of the United States, any foreign country and each state, commonwealth, city, county, municipality, regulatory body, agency or other political subdivision thereof.

**“Legacy Controlling Members”** shall have the meaning set forth in the recitals of this Agreement.

**“Liquidation”** means in respect to the Company the date upon which the Company ceases to be a going concern (even though it may exist for purposes of winding up its affairs, paying its debts, and distributing any remaining balance to its Members), and in respect to a Member where the Company is not in Liquidation means the date upon which occurs the termination of the Member’s entire interest in the Company by means of a Distribution or the making of the last of a series of Distributions (in one or more years) to the Member by the Company.

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**“Mandatory Voting Rights”** means voting rights described in Section 17704.07(s) and Section 17704.07(t) of the Act and with respect to voting rights under any other similar provision of applicable law that provides for voting rights of a Member notwithstanding any provisions of the Articles or this Agreement to the contrary.

**“Majority Interest”** means the Member or Members who collectively hold a majority of the Class Percentage Interest of a Class or of the Voting Percentage Interests, as applicable to the vote, consent or approval at issue.

**“Manager”** shall be CRI. CRI shall be responsible for performing the management functions stated in Section 17704.07(c) of the Corporations Code.

**“Member and collectively Members”** has the meaning ascribed in the opening paragraph of this Agreement.

**“Member Minimum Gain”** shall have the meaning given to the term “partner nonrecourse debt minimum gain” set forth in Treasury Regulations Section 1.704-2(i).

**“Member Nonrecourse Debt”** shall have the meaning ascribed to the term “Partner Nonrecourse Debt” in Regulations Section 1.704-2(b)(4).

**“Member Nonrecourse Debt Minimum Gain”** means an amount with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Treasury Regulations Section 1.704-2(i)(2).

**“Member Nonrecourse Deductions”** shall have the meaning set forth in Treasury Regulations Section 1.704-2(i)(2). The amount of Member Nonrecourse Deductions with respect to a Member Nonrecourse Debt for a Company fiscal year equals the excess, if any, (a) of the net increase, if any, in the amount of the Company Minimum Gain attributable to such Member Nonrecourse Debt during that fiscal year, over (b) the aggregate amount of any distributions during such year to the Member that bears the economic risk or loss for such Member Nonrecourse Debt, determined according to the provisions of Treasury Regulations section 1.704-2(i)(2).

**“Membership Interest”** means a Member’s entire interest and rights in the Company including, without limitation, the Member’s Economic Interest, the right to vote on or participate in the management, and the right to receive information concerning the business and affairs of the Company.

**“Non-Voting Interests”** means the Membership Interest held by Class B Nonvoting Members.

**“Non-Voting Members”** means the Class B Members.

**“Nonrecourse Debt”** shall have the meaning set forth in Treasury Regulations Section 1.704-2(b)(3).

**“Nonrecourse Deductions”** shall have the meaning, and the amount thereof shall be, as set forth in Treasury Regulations Section 1.704-2(c). The amount of Nonrecourse Deductions for a Fiscal Year equals the excess, if any, of the net increase, if any, in the amount of Company Minimum Gain during that Fiscal Year, over the aggregate amount of any distributions during that Fiscal Year of proceeds of a Nonrecourse Liability that are allocable to an increase in company Minimum Gain, determined according to the provisions of Treasury Regulations Section 1.704-2(c).

**“Nonrecourse Liability”** shall have the meaning set forth in Regulations Section 1.704-2(b)(3).

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“**Organizer**” shall mean that person who signed as such on the Articles of Organization of a Limited Liability Company filed with the State of California.

“**Original Members**” shall have the meaning set forth in the recitals of this Agreement.

“**Percentage Interest**” means, with respect to any Member, the aggregate number of Units then held by such Member divided by the aggregate number of all Units then issued and outstanding expressed as a percentage, and which generally reflects that residual economic ownership in the Company.

“**Permitted Transfer**” shall have the meaning ascribed to it in Section 6.2.

“**Person**” means an individual, general partnership, limited partnership, limited liability company, company, trust, estate, real estate investment trust, association, or any other entity.

“**Proceeding**” shall have the meaning ascribed to it in Section 11.1B.

“**Prior Operating Agreement**” shall have the meaning set forth in the recitals of this Agreement.

“**Property**” means all real and personal property acquired by the Company whether tangible or intangible.

“**Pubco Shares**” shall have the meaning set forth above.

“**Regulations**” or “**Treasury Regulations**” shall, unless the context clearly indicates otherwise, mean the regulations currently in force as final or temporary that have been issued by the U.S. Department of Treasury pursuant to its authority under the Code.

“**Representative**” means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

“**Securities Exchange Agreement**” shall have the meaning set forth above.

“**Subsidiary**” means, with respect to any Person, any corporation, limited-liability company, partnership, association or business entity of which (a) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (b) if a limited-liability company, partnership, association or other business entity (other than a corporation), a majority of the voting interests thereof are at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, references to a “Subsidiary” of the Company shall be given effect only at such times that the Company has one or more Subsidiaries, and, unless otherwise indicated, the term “Subsidiary” refers to a Subsidiary of the Company.

“**Tax Representative**” shall have the meaning ascribed to it in Section 9.9.

“**Trading Day**” means a day on which the principal securities exchange on which the Pubco Shares are traded or quoted is open for the transaction of business (unless such trading shall have been suspended for the entire day).

“**Transfer**” (and, with a correlative meaning, “Transferring”) means any sale, transfer, assignment, pledge, encumbrance or other disposition (whether directly or indirectly, whether with or without consideration or whether voluntarily or involuntarily or by operation of Law).

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"*Transfer Agent*" shall mean Odyssey Trust, Inc. or such other transfer agent as appointed by the Manager.

"*Transaction*" shall have the meaning set forth above.

"*Unit*" means a Class A Voting Unit or Class B Nonvoting Unit.

"*Voting Class*" or "Voting Interests" means the Percentage Interests (and Class A Voting Units) held by the Class A Members, in their capacities as members of such classes.

"*Voting Percentage Interest*", with respect to any particular Member, indicates that percentage of the total Voting Interests, assuming for such purpose that all Voting Interests in the Company constitute a single class of Units, represented by such Member's Voting Interest.

"*Voting Trust Agreement*" shall mean the agreement by and among Pubco, the Company and the Trustees pursuant to which the Trustees dated as of even date herewith.

**ARTICLE II**  
**ORGANIZATIONAL MATTERS**

2.1 Formation.

Pursuant to the Act, the Members have formed a California limited liability company under the laws of the State of California by filing the Articles with the California Secretary of State on November 9, 2017. The rights and liabilities of the Members will be determined pursuant to the Act and this Agreement.

2.2 Amended and Restated Operating Agreement.

The Members and the Manager hereby execute this Agreement, effective the Effective Date, for the purpose of establishing the affairs of the Company and the conduct of its business in accordance with the provisions of the Act. The Members hereby agree that during the term of the Company, the rights and obligations of the Members with respect to the Company will be determined in accordance with the terms and conditions of this Agreement and the Act. On any matter upon which this Agreement is silent, the Act shall control. No provision of this Agreement shall be in violation of the Act and to the extent any provision of this Agreement is in violation of the Act, such provision shall be void and of no effect to the extent of such violation without affecting the validity of the other provisions of this Agreement; *provided, however*, that where the Act provides that a provision of the Act shall apply "unless otherwise provided in the operating agreement" or words of similar effect, the provisions of this Agreement shall in each instance control.

2.3 Name.

The name of the Company shall be "CR Companies, LLC." The business of the Company may be conducted under that name or, upon compliance with applicable laws, any other name that the Manager deem appropriate or advisable. The Manager may file any fictitious name certificates and similar filings, and any amendments thereto, that the Manager consider appropriate or advisable.

2.4 Term.

The term of the Company commenced upon the filing of the Articles of Organization in accordance with the Act and shall continue in existence in perpetuity until termination and dissolution of the Company in accordance with this Agreement and the Act.

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2.5 Office and Agent.

The Company must continuously maintain a registered office and registered agent in the State of California as required by the Act. The principal office of the Company will be as the Manager, in its sole and absolute discretion, may determine. The Company also may have such offices, anywhere within and without the State of California, as the Manager periodically may determine, or the business of the Company may require. The registered agent will be as stated in the Articles or as otherwise determined by the Manager.

2.6 Purposes of Company.

The principal purpose and business of the Company shall be to engage in any lawful act or activity for which a limited liability company may be organized under the Act and to conduct such other activities as may be necessary, advisable, convenient or appropriate to promote or conduct the business of the Company.

2.7 Subsidiaries.

The Company may have one or more wholly owned limited liability companies (each, a “Subsidiary” and collectively, the “Subsidiaries”). Rene Suarez and Corey Mangold shall be the Managers for each of the Subsidiaries.

2.8 No State-Law Partnership.

The Members intend that the Company not be a partnership (including a limited partnership) or joint venture, and that no Member be a partner or joint venture of any other Member by virtue of this Agreement, for any purposes other than as set forth in the last sentence of this Section 2.9, and neither this Agreement nor any other document entered into by the Company or any Member relating to the subject matter hereof shall be construed to suggest otherwise. The Members intend that the Company shall be treated as a partnership for U.S. federal and, if applicable, state or local income tax purposes, and that each Member and the Company shall file all tax returns and shall otherwise take all tax and financial reporting positions in a manner consistent with such treatment.

**ARTICLE III  
MEMBERS; UNITS; CAPITALIZATION**

3.1 Members.

A. Each Person who ascribed to such term in the opening paragraph of this Agreement, and includes each person (a) that has been admitted to the Company as a member thereof in accordance with this Agreement (or an assignee or transferee of any such person who becomes a Member in accordance with this Agreement, including without limitation, Article VI hereof), (b) that is a Class A Member and Class B Member; and (b) that has not, if other than a person, dissolved.

B. The Company shall maintain a schedule setting forth: (i) the name and address of each Member; (ii) the aggregate number of outstanding Units and the number and class of Units held by each Member; (iii) the aggregate amount of cash Capital Contributions that has been made by the Members with respect to their Units; and (iv) the fair market value of any property other than cash contributed by the Members with respect to their Units (including, if applicable, a description and the amount of any liability assumed by the Company or to which contributed property is subject) (such schedule, the “**Members Schedule**”). Upon any change in the number or ownership of outstanding Units (whether upon an issuance of Units, a Transfer of Units, an exchange of Units or otherwise), the Manager is authorized to

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amend and update the Members Schedule. The Members Schedule shall be the definitive record of ownership of each Unit of the Company and all relevant information with respect to each Member. Any reference in this Agreement to the Members Schedule shall be deemed a reference to the Members Schedule as amended and as in effect from time to time. The Company shall be entitled to recognize the exclusive right of a Person registered on its records as the owner of Units for all purposes and shall not be bound to recognize any equitable or other claim to or interest in Units on the part of any other Person, whether or not it shall have express or other notice thereof, except as otherwise provided by the Act. The Manager shall provide the members schedule to the Transfer Agent, who shall update the list anytime a Member exchanges its Units pursuant to Article VII.

C. No Member shall be required or, except as approved by the Manager and in accordance with the other provisions of this Agreement, permitted to loan any money or property to the Company or borrow any money or property from the Company.

#### 3.2 Units.

A. Units Generally. The Membership Interests of the Members shall be represented by issued and outstanding Units, which may be divided into one or more types, classes or series. Each type, class or series of Units shall have the privileges, preference, duties, liabilities, obligations and rights, including voting rights, if any, set forth in this Agreement with respect to such type, class or series. As of the Effective Date, the Units will be comprised of two classes of Units, including Class A Voting Units and Class B Nonvoting Units.

B. Authorized Units. The Company is authorized to issue two classes of Units to be designated, respectively, "Class A Voting Units" and "Class B Nonvoting Units" and collectively, the "Units." The total number of Units which the Company is authorized to issue is 250,000,000 Units, consisting of 125,000,000 Class A Voting Units and 125,000,000 Class B Nonvoting Units. The number of authorized Units of any of the Class A Voting Units or Class B Nonvoting Units may be increased or decreased (but not below the number of Units then outstanding) by the Manager. Effective upon the amendment and restatement of the Prior Agreement, each issued Prior Unit under the Prior Agreement shall be split from one (1) Unit into 15.98292857 fully paid and nonassessable Class A Voting Units or Class B Nonvoting Units as provided in the Member Schedule set forth as Exhibit A.

#### C. Class A Voting Units.

(i) Voting Right. Each holder of Class A Voting Units shall be entitled to the number of votes equal to the number of Class A Voting Units held. Holders of Class A Voting Units shall vote together with all other classes entitled to vote at any annual or special meeting of the Members and not as a separate class except as otherwise provided by law and may act by written consent. Any action required or permitted by the Act to be taken at a Members' meeting may be taken without a meeting, if Members holding Units having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all of the Units entitled to vote thereon were present and voted consent to such action in writing.

(ii) No Exchange Rights. Class A Voting Units are not subject to exchange into Pubco Shares.

(iii) Conversion of Convertible Notes. Prior to the Split, the outstanding Convertible Notes held by CRI shall automatically convert into 2,318,413 Class A Units, which shall be approximately 37,055,002 Class A Units, after giving effect to the Split. After the closing of the Transaction, CRI shall hold all the Class A Voting Units of the Company, and CRI shall be the sole voting member of the Company, except with respect to Mandatory Voting Rights.

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D. Class B Nonvoting Units.

(i) Voting Rights. Except with respect to Mandatory Voting Rights or as otherwise specifically provided by law, the holders of Class B Nonvoting Units shall have no voting rights with respect to their Class B Nonvoting Units and may not act by written consent.

(ii) Exchange Rights. After giving the effect to the Split, Class B Nonvoting Units shall have the right to exchange ("Exchange Rights") his/her or its Class B Nonvoting Units for Pubco Shares at an exchange rate of (1) Class B Nonvoting Unit for one (1) Pubco Share as more fully set forth in Article VII of this Agreement entitled Exchange Rights.

E. Restrictions on Transfer. No holder of any of the Units now or hereafter issued by the Company may transfer, and the Company shall not register the transfer of, any interest (legal or beneficial) in any Units of the Company, whether by sale, transfer, assignment, pledge, encumbrance, gift, bequest, appointment or otherwise, whether with or without consideration and whether voluntary or involuntary or by operation of law, without the prior written consent of the Manager, which consent may not be unreasonably withheld, except as a Permitted Transfer. Without limiting the generality of the forgoing, the Manager may withhold its consent to a transfer in instances where a proposed transfer would violate applicable law, including securities laws.

F. Interests in the Company shall be represented by Units, or such other securities of the Company, in each case as the Manager may establish in its discretion in accordance with the terms and subject to the restrictions hereof.

3.3 Certificates Representing Units; Lost, Stolen or Destroyed Certificates; Registration and Transfer of Units. Units shall not be certificated unless otherwise determined by the Manager. If the Manager determines that one or more Units shall be certificated, each such certificate shall be signed by or in the name of the Company, by the CEO and any other officer designated by the Manager, representing the number of Units held by such holder. Such certificate shall be in such form (and shall contain such legends) as the Manager may determine. Any or all of such signatures on any certificate representing one or more Units may be a facsimile, engraved or printed, to the extent permitted by applicable Law. Once Pubco is listed on the CSE, the Company shall have the Transfer Agent maintain the cap table for the Company and effectuate any exchanges.

3.4 Initial Capital Contributions. The Members' Capital Contributions shall be reflected on the Members Schedule.

3.5 Additional Capital Contributions. No Member will be required to make, nor shall any Member be permitted to voluntarily make, any additional Capital Contributions.

3.6 Capital Accounts.

The Company must establish and maintain a capital account for each Member (a "**Capital Account**").

A. Capital Account. Initially, each Member's Capital Account must equal the Member's initial Capital Contributions made to the Company pursuant to Section 3.4.

B. Withdrawal; Successors. No Member may withdraw any part of its Capital Account or receive any distribution from the Company except as specifically provided in this Agreement. And no Member may make any Capital Contribution to the Company other than the Capital Contributions provided for in this Article. Except as otherwise specifically provided in this Agreement, all economic



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attributes of a transferor's Units (such as such transferor's Capital Contributions and Capital Account balance) shall carry over to a transferee to the extent attributable to the Units so Transferred.

C. Negative Capital Accounts. No Member shall be required to pay to any other Member or the Company any deficit or negative balance which may exist from time to time in such Member's Capital Account (including upon and after dissolution of the Company).

D. No Withdrawal. No Person shall be entitled to withdraw any part of such Person's Capital Contribution or Capital Account or to receive any Distribution from the Company, except as expressly provided in this Agreement.

E. Compliance with Regulations. The provisions of this Section 3.6 are intended to satisfy the capital account maintenance requirements of Treasury Regulations Section 1.704-1(b)(2)(iv) and these provisions will be modified to the extent required by that section or any successor provision to that section, of the Treasury Regulations.

3.7 No Interest.

No Member is entitled to receive any interest on a Member's Capital Contributions.

**ARTICLE IV  
MANAGEMENT AND CONTROL OF THE COMPANY**

4.1 Management.

A. Except for situations in which the approval of any Member(s) is specifically required by this Agreement or by applicable Law, (i) all management powers over the business and affairs of the Company shall be exclusively vested in the Manager of the Company (the "**Manager**") and (ii) the Manager shall conduct, direct and exercise full control over all activities of the Company. CRI shall serve as the Manager of the Company. The Manager shall be the "Manager" of the Company for the purposes of the Act. Except as otherwise expressly provided for herein and subject to the other provisions of this Agreement, the Members hereby consent to the exercise by the Manager of all such powers and rights conferred on the Members by the Act with respect to the management and control of the Company. Any vacancies in the position of Manager shall be filled in accordance with Section 4.3.

B. The day-to-day business and operations of the Company shall be overseen and implemented by officers of the Company (each, an "**Officer**" and collectively, the "**Officers**"), subject to the limitations imposed by the Manager. An Officer may, but need not, be a Member. Each Officer shall be appointed by the Manager and shall hold office until his or her successor shall be duly designated and shall qualify or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided. Any one Person may hold more than one office. Subject to the other provisions in this Agreement the salaries or other compensation, if any, of the Officers of the Company shall be fixed from time to time by the Manager. The authority and responsibility of the Officers shall include, but not be limited to, such duties as the Manager may, from time to time, delegate to them and the carrying out of the Company's business and affairs on a day-to-day basis. The existing Officers of the Company as of the Effective Date shall remain in their respective positions and shall be deemed to have been appointed by the Manager. All Officers shall be, and shall be deemed to be, officers and employees of the Company.

C. To the fullest extent permitted by applicable Law, the Manager shall have the power and authority to effectuate the sale, lease, transfer, exchange or other disposition of any, all or substantially all of the assets of the Company (including the exercise or grant of any conversion, option, privilege or subscription right or any other right available in connection with any assets at any time held by the

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Company) or the merger, consolidation, reorganization or other combination of the Company with or into another entity.

D. The Manager may act through any Officer or through any other Person or Persons to whom authority and duties have been delegated pursuant to Section 4.1B.

4.2 Resignation; No Removal. The Manager may resign at any time by giving written notice to the Members. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Members, and the acceptance of the resignation shall not be necessary to make it effective. The Members have no right under this Agreement to remove or replace the Manager.

4.3 Vacancies. Vacancies in the position of Manager occurring for any reason shall be filled by CRI. The Members have no right under this Agreement to fill any vacancy in the position of Manager.

4.4 Transactions between the Company and the Manager. The Manager may cause the Company to contract and deal with the Manager, or any Affiliate of the Manager, *provided* such contracts and dealings are on terms comparable to and competitive with those available to the Company from others dealing with the Company at arm's length or are approved by the Members.

4.5 Delegation of Authority. The Manager (a) may, from time to time, delegate to one or more Persons such authority and duties as the Manager may deem advisable, and (b) may assign titles (including chief executive officer, president, chief financial officer, chief operating officer, chief strategy officer, vice president, secretary, assistant secretary, treasurer or assistant treasurer) and delegate certain authority and duties to such Persons as the same may be amended, restated or otherwise modified from time to time. Any number of titles may be held by the same individual. The salaries or other compensation, if any, of such agents of the Company shall be fixed from time to time by the Manager, subject to the other provisions in this Agreement.

4.6 Limitation of Liability of Manager.

A. The Manager may exercise any of the powers granted to by this Agreement and shall perform any of the duties imposed upon it hereunder either directly or by or through their agents and shall not be responsible for any misconduct or negligence on the part of any such agent (so long as such agent was selected in good faith and with reasonable care). The Manager shall be entitled to rely in good faith on the provisions of this Agreement and on information, opinions, reports or statements (including financial statements and information, opinions, reports or statements as to the value or amount of the assets, liabilities, profits or losses of the Company or any facts pertinent to the existence and amount of assets from which Distributions to Members might properly be paid) of the following other Persons or groups: one or more Officers or employees of the Company or the Manager; any attorney, independent accountant, appraiser or other expert or professional employed or engaged by or on behalf of the Company or the Manager; or any other Person who has been selected with reasonable care by or on behalf of the Company, or the Manager, in each case as to matters which the Manager reasonably believes to be within such other Person's competence, and any act of or failure to act by the Manager in good faith reliance on such advice shall in no event subject the Manager to liability to the Company or any Member that is not the Manager.

B. Whenever this Agreement or any other agreement contemplated herein provides that the Manager shall act in a manner which is, or provide terms which are, "fair and reasonable" to the Company or any Member that is not the Manager, the Manager shall determine such appropriate action or provide such terms considering, in each case, the relative interests of each party to such agreement,

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transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable U.S. GAAP.

C. Whenever in this Agreement or any other agreement contemplated herein, the Manager are permitted or required to take any action or to make a decision in their “sole discretion” or “discretion,” with “complete discretion” or under a grant of similar authority or latitude, the Manager shall be entitled to consider such interests and factors as it desires, including his/her or its own interests, and shall, to the fullest extent permitted by applicable Law, have no duty or obligation to give any consideration to any interest of or factors affecting the Company or other Members.

D. Whenever in this Agreement the Manager are permitted or required to take any action or to make a decision in its “good faith” or under another express standard, the Manager shall act under such express standard and, to the extent permitted by applicable Law, shall not be subject to any other or different standards imposed by this Agreement or any other agreement contemplated herein, and, notwithstanding anything contained herein to the contrary, so long as the Manager acts in good faith or such other express standard permitted or required hereunder, the resolution, action or terms so made, taken or provided by the Manager shall not constitute a breach of this Agreement or any other agreement contemplated herein or impose liability upon the Manager.

**ARTICLE V**  
**ALLOCATIONS OF TAXABLE INCOME AND TAXABLE LOSS**  
**AND DISTRIBUTIONS**

5.1 Allocations of Taxable Income and Taxable Loss.

A. Taxable Loss.

After giving effect to the special allocations set forth in Sections 5.2 and 5.3 hereof, taxable losses of the Company for each Fiscal Year shall be allocated among the Members as follows:

(i) First, up to the excess, if any, of the aggregate profit allocated pursuant to Section 5.1(B)(v) for all prior Fiscal Years, over the aggregate loss previously allocated pursuant to this Section 5.1(A)(i) (to the extent not previously offset) shall be allocated to the Members in proportion to such excess for each Member;

(ii) Second, up to the excess, if any, of the aggregate profit allocated pursuant to Section 5.1(B)(iv) for all prior Fiscal Years, over the aggregate loss previously allocated pursuant to this Section 5.1(A)(ii) (to the extent not previously offset) shall be allocated to the Member in proportion to such excess for each Member;

(iii) Third, up to the excess, if any, of the aggregate profit allocated pursuant to Section 5.1(B)(iii) for all prior Fiscal Years, over the aggregate loss previously allocated pursuant to this Section 5.1(A)(iii) (to the extent not previously offset) shall be allocated to the Member in proportion to such excess for each Member;

(iv) Fourth, up to the Capital Accounts of the Members having a positive Capital Account balance (taking into account any deficit restoration obligation of such Member, including without limitation, any amount which such Member is deemed to be obligated to restore pursuant to Treas. Reg. §1.704-2(g)(1) or (i)(5), and any adjustments pursuant to Treas. Reg. §1.704-1(b)(2)(ii)(d)(4), (5) or (6)) in proportion to such Capital Account balances (as so adjusted); and

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(v) Any remaining loss shall be allocated among the Members in proportion to their Percentage Interest.

B. Taxable Income.

After giving effect to the special allocations set forth in Section 5.2 and 5.3 hereof, taxable income of the Company for each Fiscal Year shall be allocated to the Members as follows:

(i) First, up to the excess, if any, of (i) the aggregate loss allocated pursuant to Section 5.1(A)(v) for all prior Fiscal Years over (ii) the aggregate profit previously allocated pursuant to this Section 5.1(B)(i) (to the extent not previously offset) shall be allocated to the Members in proportion to such excess for each Member;

(ii) Second, up to the excess, if any, of (i) the aggregate loss allocated pursuant to Section 5.1(A)(iv) for all prior Fiscal Years over (ii) the aggregate profit previously allocated pursuant to this Section 5.1(B)(ii) (to the extent not previously offset) shall be allocated to the Members in proportion to such excess for each Member;

(iii) Third, up to the excess, if any, of (i) the aggregate loss allocated pursuant to Section 5.1(A)(iii) for all prior Fiscal Years over (ii) the aggregate profit previously allocated pursuant to this Section 5.1(B)(iii) (to the extent not previously offset) shall be allocated to the Members in proportion to such excess for each Member; and,

(iv) Thereafter, to all Members in proportion to their Percentage Interest.

5.2 Special Allocations.

A. Minimum Gain Chargeback and Qualified Income Offset.

(i) No Impermissible Deficits.

Notwithstanding any other provision of this Agreement, taxable loss (or items of deduction) shall not be allocated to a Member to the extent that the Member has or would have, as a result of such allocations, an Adjusted Capital Account Deficit (taking into account any adjustments, allocations or distributions described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) or (6)) in excess of the Member's share of Company Minimum Gain and Member Nonrecourse Debt Minimum Gain, plus any other amount the member is deemed to be obligated to restore to the Company under the Section 704(b) Treasury Regulations. Any taxable loss (or items of deduction) which otherwise would be allocated to a Member because of the application of the immediately preceding sentence, shall instead be allocated to the other Members pro rata in accordance with the positive balances in their Capital Accounts.

(ii) Qualified Income Offset.

In order to comply with the "qualified income offset" requirement of the Treasury Regulations under Code Section 704(b), and notwithstanding any other provision of this Agreement to the contrary except subsection (A)(iii) below, in the event a Member for any reason (whether or not expected) has an Adjusted Capital Account Deficit (taking into account any adjustments, allocations or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6)) in excess of the Member's share of Company Minimum Gain and Member Nonrecourse Debt Minimum Gain, plus any other amount the member is deemed to be obligated to restore to the Company under the Section 704(b) Treasury Regulations., items of income (consisting of a pro rata portion of each item of income comprising the

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Company's profits) shall be allocated to such Member in an amount and manner sufficient to eliminate as quickly as possible the Adjusted Capital Account Deficit referred to in Treasury Regulations Section 1.704-1(b)(2)(ii)(d) (taking into account the next to last sentence of each of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5)).

(iii) Minimum Gain Chargeback.

In order to comply with the "minimum gain chargeback" requirements of Treasury Regulations Section 1.704-2(f)(1) and 1.704-2(i)(4), and notwithstanding any other provision of this Agreement to the contrary, in the event there is a net decrease in a Member's share of Company Minimum Gain and/or Member Minimum Gain during a Company taxable year, such Member shall be allocated items of income and gain for that year (and if necessary, other years) as required by and in accordance with Treasury Regulations Sections 1.704-2(f)(1) and 1.704-2(i)(4) before any other allocation is made.

B. Income Characterization.

For purposes of determining the character (as ordinary income or capital gain) of any taxable income of the Company allocated to the Members pursuant to this Section 5.2, such portion of the taxable income of the Company allocated pursuant to this Section 5.2 which is treated as ordinary income attributable to the recapture of depreciation shall, to the extent possible, be allocated among the Members in the proportion which (i) the amount of depreciation previously allocated to each member bears to (ii) the total of such depreciation allocated to all Members. This Section 5.2(B) shall not alter the amount of allocations among the Members pursuant to Section 5.1, but merely the character of income so allocated.

C. Change in Percentage Interests.

In the event any Member's Percentage Interest changes during a Fiscal Year for any reason, including without limitation, the transfer of any Interest in the Company, aforementioned allocations of taxable income or loss shall be adjusted as necessary to reflect the varying interests of the Members during such year.

D. Mandatory Allocations, Section 704(c), and Member Nonrecourse Debt.

Notwithstanding the foregoing, (i) in the event the Code and/or Treasury Regulations require allocations of income or loss of the Company in a manner different than that set forth above, the provisions of the Code and/or the Treasury Regulations thereunder shall control such allocations among the Members; and (ii) all tax deductions and taxable losses of the Company that, pursuant to Treasury Regulations Section 1.704-2(i), are attributable to a Member Nonrecourse Debt for which a Member (or a Person related to such Member under Treasury Regulations Section 1.752-2) bears the economic risk of loss, shall be allocated to such Member as required by Treasury Regulations Section 1.704-2(b)(4) and (i)(1).

Any item of income, gain, loss or deduction with respect to any property (other than cash) that has been contributed by a Member to the capital of the Company or which has been revalued for Capital Account purposes pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv) and which is required or permitted to be allocated to such Member for income tax purposes under Section 704(c) of the Code so as to take into account the variation between the tax basis of such property and its fair market value at the time of its contribution shall be allocated solely for income tax purposes in the manner so required or permitted under Code Section 704(c) using the "traditional method" described in Regulations Section 1.704-3(b) (or any successor Regulations), provided, however, that curative allocations consisting of the special allocation of gain or loss upon the sale or other disposition of the contributed property shall

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be made in accordance with Regulations Section 1.704-3(c) to the extent necessary to eliminate any disparity, to the extent possible, between the Members' book and tax Capital Accounts attributable to such property; further provided, however, that any other method allowable under applicable Regulations may be used for any contribution of property as to which there is agreement between the contributing Member, on the one hand, and the Manager and/or Members, on the other, in accordance with this Agreement.

E. Guarantee of Company Indebtedness.

Except for arrangements expressly described in this Agreement, no Member shall enter into (or permit any Person related to the Member to enter into) any arrangement with respect to any liability of the Company that would result in such Member (or person related to such Member under Regulations Section 1.752-4(b)) bearing the economic risk of loss (within the meaning of Regulations Section 1.752-2) with respect to such liability unless such arrangement has been approved by a Majority Interest of Voting Percentage Interests. This Section 5.2E shall not prohibit any Member of the Company from satisfying its obligation under state law to pay monies owed to any creditor of the Company on account of the Company's obligations. To the extent a Member is permitted to guarantee the repayment of any Company indebtedness under this Agreement, each of the other Members shall be afforded the opportunity to guarantee such Member's pro rata share of such indebtedness, determined in accordance with the Members' respective Percentage Interests.

F. References to Regulations.

Any reference in this Section 5.2 to a provision of proposed and/or temporary regulations shall, in the event such provision is modified or renumbered, be deemed to refer to the successor provision as so modified or renumbered, but only to the extent such successor provision applies to the Company under the effective date rules applicable to such successor provision.

5.3 Excess Nonrecourse Liability Safe Harbor.

Pursuant to Regulations Section 1.752-3(a)(3), solely for purposes of determining each Member's proportionate share of the "excess nonrecourse liabilities" of the Company (as defined in Regulations Section 1.752-3(a)(3)), the Members' respective interests in Company profits shall be their respective Percentage Interests.

5.4 Distribution of Cash from Operations.

It is the Company's primary intent to retain Cash from Operations in amounts determined by the Manager, in their sole discretion, to meet the reasonable needs of the Company and other needs described as provided in this Agreement.

A. Distributions of Cash.

The Manager may make distributions to the Members of available cash at the times and in the amounts that the Manager, in their sole discretion, determine is reasonable and proper in accordance with sound business judgment and accounting practices. No such distribution may impair, however, the Company's credit worthiness or adversely affect the Company's ability to carry on its business purposes.

B. Distributions Must Not Deplete the Company's Working Capital.

Prior to making any distribution of available cash under Section 5.5, the Manager first must determine that the expenses from the Company's operations have been met and that the contemplated

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distribution of available cash will not deplete the Company of sufficient working capital for real and contingent obligations.

C. Proportionate Distributions.

Any distributions made under this Section 5.4 shall be made in the order of priorities set forth in Section 5.5.

5.5 Distributions of Distributable Cash from Cash from Operations.

The Distributable Cash from Cash from Operations for each Fiscal Year (to the extent that a distribution of Distributable Cash is permitted) may, in the Manager's sole discretion, be distributed within ninety (90) days from the end of each such year in the following order:

A. Expenses of Manager.

First, to pay the Manager for all unpaid fees, salary, or other compensation, and to reimburse the Manager for all reasonable costs and expenses incurred by the Manager as provided in this Agreement.

B. Liquidation of Capital Accounts.

Third, to each of the Members to the extent of the Capital Account of that Member.

C. Balance to Members.

Thereafter, 100% to all the Members, in proportion to each Member's Percentage Interest.

5.6 Distribution of Proceeds from Capital Events.

All cash and other Property from Capital Events shall promptly be distributed in the following order:

(i) Payment of Debts and Obligations.

First, to the payment of the Company's debts and obligations (other than loans by Members to the Company) if required by the Company's lenders or creditors.

(ii) Reserves.

Second, if the Manager determine, in their sole discretion, a reasonable reserve will be deducted to provide for the Company's working capital needs, funds for improvements or replacements, the Company's reasonable business needs, or for any other contingencies of the Company.

(iii) Accrued Expenses.

Third, to pay any accrued but unpaid fees, costs, and expenses the Company owes to the Manager.

(iv) Loans by Members.

Fourth, to repay any loans by Members made to the Company along with accrued and unpaid interest.

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(v) Liquidation of Capital Accounts.

Sixth, to each of the Members in a sum equal to the Capital Account of that Member.

(vi) Balance to Members.

Thereafter, to the Members pro rata in proportion to each Member's Percentage Interest.

5.7 Form of Distribution.

A Member, regardless of the nature of the Member's Capital Contribution, has no right to demand and receive any distribution from the Company in any form other than money. No Member may be compelled to accept from the Company a distribution of any asset in kind in lieu of a proportionate distribution of money being made to other Members. Except upon a dissolution and the winding up of the Company, no Member may be compelled to accept a distribution of any asset in kind.

5.8 Restriction on Distributions.

A. No distribution will be made if, after giving effect to the distribution:

(i) The Company would not be able to pay its debts as they become due in the usual course of business.

(ii) The Company's Property would be less than the sum of its total liabilities plus, unless this Agreement provides otherwise, the amount that would be needed, if the Company were to be dissolved at the time of the distribution, to satisfy the preferential rights of other Members, if any, upon dissolution, which rights are superior to the rights of the Member receiving the distribution.

B. The Manager may base a determination that a distribution is not prohibited on any of the following:

(i) Financial statements prepared on the bases of accounting practices and principles that are reasonable in the circumstances.

(ii) A fair valuation.

(iii) Any other method that is reasonable in the circumstances.

Except as provided in Section 17704.05(c) of the Corporations Code, the effect of a distribution is measured as of the date the distribution is authorized if the payment occurs within 120 days after the date of authorization, or the date payment is made if it occurs more than 120 days of the date of authorization.

C. A Member or Manager who votes for a distribution in violation of this Agreement or the Act is personally liable to the Company for the amount of the distribution that exceeds what could have been distributed without violating this Agreement or the Act if it is established that the Member or Manager did not act in compliance with Sections 6.4, 6.5, or 10.5. Any Member or Manager who is so liable will be entitled to compel contribution from (i) each other Member or Manager who also is so liable and (ii) each Member for the amount the Member received with knowledge of facts indicating that the distribution was made in violation of the Agreement or the Act.

D. Return of Distributions.



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Except for distributions made in violation of the Act or this Agreement, no Member or Economic Interest Owner will be obligated to return any distribution to the Company or pay the amount of any distribution for the account of the Company or to any creditor of the Company. The amount of any distribution returned to the Company by a Member or Economic Interest Owner or paid by a Member or Economic Interest Owner for the account of the Company or to a creditor of the Company will be added to the account or accounts from which it was subtracted when it was distributed to the Member or Economic Interest Owner.

5.9 Termination of Provisions.

All of the provisions of this Article V shall terminate after consummation of the Transaction and the effective date listing Pubco on the CSE.

**ARTICLE VI  
TRANSFER, ASSIGNMENT OF INTERESTS**

6.1 Transfer and Assignment of Interests. No holder of Units may Transfer any interest in any Units, except Transfers (a) pursuant to and in accordance with Section 6.2 or (b) approved in writing by the Manager. Notwithstanding the foregoing, "Transfer" shall not include an event that terminates the existence of a Member for income tax purposes (including a change in entity classification of a Member under Treasury Regulations Section 301.7701-3, termination of a partnership pursuant to Code Section 708(b)(1)(B), a sale of assets by, or liquidation of, a Member pursuant to an election under Code Sections 336 or 338, or merger, severance, or allocation within a trust or among sub-trusts of a trust that is a Member), but that does not terminate the existence of such Member under applicable state law (or, in the case of a trust that is a Member, does not terminate the trusteeship of the fiduciaries under such trust with respect to all the Economic Interests of such trust that is a Member).

6.2 Permitted Transfers. The restrictions contained in Section 6.1 shall not apply to any Transfer (each, a "**Permitted Transfer**") pursuant to (i) Exchange Rights contemplated in Article VI; (ii) a Transfer by any Member to such Member's spouse, any lineal ascendants or descendants or trusts or other entities in which such Member or Member's spouse, lineal ascendants or descendants hold (and continue to hold while such trusts or other entities hold Units) 50% or more of such entity's beneficial interests; (iii) the laws of descent and distribution and (iv) a Transfer to a partner, shareholder, unitholder, member or Affiliated investment fund of such Member; *provided, however*, that (A) the restrictions contained in this Agreement will continue to apply to Units after any Permitted Transfer of such Units, and (B) in the case of the foregoing clauses (ii), (iii) and (iv), the transferees of the Units so Transferred shall agree in writing to be bound by the provisions of this Agreement and, the transferor will deliver a written notice to the Company, which notice will disclose in reasonable detail the identity of the proposed transferee. All Permitted Transfers are subject to the additional limitations set forth in Section 6.7.

6.3 Restricted Units Legend. The Units have not been registered under the Securities Act and, therefore, in addition to the other restrictions on Transfer contained in this Agreement, cannot be sold unless subsequently registered under the Securities Act or an exemption from such registration is then available. To the extent such Units have been certificated, each certificate evidencing Units and each certificate issued in exchange for or upon the Transfer of any Units (if such securities remain Units as defined herein after such Transfer) shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE

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REGISTRATION STATEMENT UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION THEREUNDER. THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE ALSO SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER SPECIFIED IN THE AMENDED AND RESTATED OPERATING AGREEMENT OF CR COMPANIES, LLC, AS MAY BE AMENDED AND MODIFIED FROM TIME TO TIME, AND CR COMPANIES, LLC RESERVES THE RIGHT TO REFUSE THE TRANSFER OF SUCH SECURITIES UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED WITH RESPECT TO ANY TRANSFER. A COPY OF SUCH CONDITIONS SHALL BE FURNISHED BY CR COMPANIES, LLC TO THE HOLDER HEREOF UPON WRITTEN REQUEST AND WITHOUT CHARGE.”

The Company shall imprint such legend on certificates (if any) evidencing Units.

6.4 Transfer. Prior to Transferring any Units, the Transferring holder of Units shall cause the prospective transferee to be bound by this Agreement and any other agreements executed by the holders of Units and relating to such Units in the aggregate (collectively, the “*Other Agreements*”), and shall cause the prospective transferee to execute and deliver to the Company and the other holders of Units counterparts of this Agreement and any applicable Other Agreements. Any Transfer or attempted Transfer of any Units in violation of any provision of this Agreement (including any prohibited indirect Transfers) shall be void, and in the event of any such Transfer or attempted Transfer, the Company shall not record such Transfer on its books or treat any purported transferee of such Units as the owner of such securities for any purpose.

6.5 Assignee’s Rights.

A. The Transfer of a Membership Interest in accordance with this Agreement shall be effective as of the date of its assignment (assuming compliance with all of the conditions to such Transfer set forth herein), and such Transfer shall be shown on the books and records of the Company. Profits, Losses and other Company items shall be allocated between the transferor and the Assignee according to Code Section 706, using any permissible method as determined in the reasonable discretion of the Manager. Distributions made before the effective date of such Transfer shall be paid to the transferor, and Distributions made after such date shall be paid to the Assignee.

B. Unless and until an Assignee becomes a Member pursuant to Section 8.3, the Assignee shall not be entitled to any of the rights granted to a Member hereunder or under applicable Law, other than the rights granted specifically to Assignees pursuant to this Agreement; *provided, however*, that, without relieving the transferring Member from any such limitations or obligations as more fully described in Section 6.6, such Assignee shall be bound by any limitations and obligations of a Member contained herein that a Member would be bound on account of the Assignee’s Membership Interest.

C. Assignor’s Rights and Obligations. Any Member who shall Transfer any Membership Interest in a manner in accordance with this Agreement shall cease to be a Member with respect to such Units or other interest and shall no longer have any rights or privileges, or, except as set forth in this Section 6.5, duties, liabilities or obligations, of a Member with respect to such Units or other interest (it being understood, however, that the applicable provisions of Sections 6.5 and 6.6 shall continue to inure to such Person’s benefit), except that unless and until the Assignee (if not already a Member) is admitted as a Substituted Member in accordance with the provisions of Section 7.10 (the “*Admission Date*”), such assigning Member shall retain all of the duties, liabilities and obligations of a Member with respect to such Units or other interest, and the Manager may, in their sole discretion, reinstate all or any portion of the rights and privileges of such Member with respect to such Units or other interest for any period of time prior to the Admission Date.

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D. Nothing contained herein shall relieve any Member who Transfers any Units or other interest in the Company from any liability of such Member to the Company with respect to such Membership Interest that may exist on the Admission Date or that is otherwise specified in the Act and incorporated into this Agreement or for any liability to the Company or any other Person for any materially false statement made by such Member (in its capacity as such) or for any present or future breaches of any representations, warranties or covenants by such Member (in its capacity as such) contained herein or in the other agreements with the Company.

6.6 Overriding Provisions.

A. Any Transfer in violation of this Article VI shall be null and void ab initio, and the provisions of Sections 6.5 and 6.6 shall not apply to any such Transfers. For the avoidance of doubt, any Person to whom a Transfer is made or attempted in violation of this Article VI shall not become a Member, shall not be entitled to vote on any matters coming before the Members and shall not have any other rights in or with respect to any rights of a Member of the Company. The approval of any Transfer in any one or more instances shall not limit or waive the requirement for such approval in any other or future instance. The Manager shall promptly amend the Members Schedule to reflect any Permitted Transfer pursuant to this Article VI.

B. Notwithstanding anything contained herein to the contrary, in no event shall any Member Transfer any Units to the extent such Transfer could, in the reasonable determination of the Manager result in a violation of the Securities Act, or any other applicable federal, state or foreign Laws.

**ARTICLE VII  
EXCHANGE RIGHTS**

7.1 Exchange Right of a Member.

A. After the Split, subject to the provisions set forth in this Section 7.1, each Member holding Class B Nonvoting Units (other than CRI) shall be entitled to cause an exchange of its Class B Nonvoting Units on a one (1) for one (1) basis into Pubco Shares (“**Direct Exchange**”), unless such Member has entered into a contractual lock-up agreement in connection with Pubco and relating to the shares of Pubco that may be applicable to such Member, and then beginning on the date such lock-up agreement has been waived or terminated as it applies to such Member. A Member desiring to exercise its a Direct Exchange (the “**Exchanging Member**”) shall exercise such right by giving written notice (the “**Exchange Notice**”) to the Company with a copy to the Manager, the Transfer Agent and to Pubco. The Exchange Notice shall specify the number of Class B Nonvoting Units (the “**Exchanged Units**”), that the Exchanging Member intends to have Pubco exchange on a one (1) for one (1) basis and a date (unless and to the extent that the Manager in its sole discretion agrees in writing to waive such time periods) on which exercise of the Direct Exchange shall be completed, which complies with the requirements set forth in Section 7.1(A) (the “**Exchange Date**”). Unless the Exchanging Member has revoked or delayed an Exchange as provided in Section 7.1(B) on the Exchange Date (to be effective immediately prior to the close of business on the Exchange Date), (A) the Exchanging Member shall transfer and surrender the Exchanged Units to the Company [or Transfer Agent], free and clear of all liens and encumbrances, and (B) the Company [or Transfer Agent] shall transfer to the Exchanging Member the Pubco Shares.

B. An Exchanging Member shall be entitled to revoke its Exchange Notice or delay the consummation of a Direct Exchange if any of the following conditions exists: (i) any registration statement pursuant to which the resale of the Pubco Shares to be registered for such Exchanging Member at or immediately following the consummation of the Exchange shall have ceased to be effective pursuant to any action or inaction by the CSE or any other Governmental Entity having jurisdiction over the Pubco

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Shares or no such resale registration statement has yet become effective; (ii) if the Direct Exchange is conditional on the resulting Pubco Shares being qualified for distribution under a prospectus on terms which Pubco has agreed to, Pubco shall have failed to cause such a prospectus to be filed and received by the applicable securities regulatory authorities prior to the Direct Exchange; (iii) Pubco shall have exercised its right to defer, delay or suspend the filing or effectiveness of a registration statement and such deferral, delay or suspension shall affect the ability of such Exchanging Member to have its Pubco Shares registered at or immediately following the consummation of the Direct Exchange; (iv) Pubco shall have disclosed to such Exchanging Member any material non-public information concerning Pubco, the receipt of which could reasonably be determined to result in such Exchanging Member being prohibited or restricted from selling Pubco Shares at or immediately following the Direct Exchange without disclosure of such information (and Pubco does not permit disclosure); (v) any stop order or cease trade order relating to the Pubco Shares was to be registered by such Exchanging Member at or immediately following the Direct Exchange shall have been issued by the CSE or any other applicable exchange or an applicable securities regulatory authority; (vi) there shall have occurred a material disruption in the securities markets generally or in the market or markets in which the Pubco Shares is then traded; (vii) there shall be in effect an injunction, a restraining order or a decree of any nature of any Governmental Entity that restrains or prohibits the Direct Exchange; (viii) the Exchange Date would occur three (3) Business Days or less prior to, or during, a Black-Out Period; provided further, that in no event shall the Exchanging Member seeking to revoke its Exchange Notice or delay the consummation of such Direct Exchange and relying on any of the matters contemplated in clauses (i) through (viii) above have controlled or intentionally materially influenced any facts, circumstances, or Persons in connection therewith (except in the good faith performance of his or her duties as an officer or director of Pubco) in order to provide such Exchanging Member with a basis for such delay or revocation. If an Exchanging Member delays the consummation of a Direct Exchange pursuant to this Section 7.1(B), the Exchange Date shall occur on the fifth Business Day following the date on which the conditions giving rise to such delay cease to exist (or such earlier day as the Manager, Pubco, the Company and such Exchanging Member may agree in writing).

C. In the event of a reclassification or other similar transaction as a result of which the shares of Pubco Shares are converted into another security, then in exercising its Exchange Right an Exchanging Member shall be entitled to receive the amount of such security that the Exchanging Member would have received if such Exchange Right had been exercised and the Exchange Date had occurred immediately prior to the record date (or effective date in the event that there is no associated record date) of such reclassification or other similar transaction. Notwithstanding anything to the contrary contained herein, each of the Company, the Manager and Pubco shall not be obligated to effectuate a Direct Exchange if such Exchange (in the sole discretion of the Manager) could cause the Company to be treated as a “publicly traded partnership” or to be taxed as a corporation pursuant Section 7704 of the Code or successor provisions of the Code.

7.2 Effect of Exercise of Exchange Right.

This Agreement shall continue notwithstanding the consummation of a Direct Exchange and all governance or other rights set forth herein shall be exercised by the remaining Members and the Exchanging Member (to the extent of such Exchanging Member’s remaining interest in the Company). No Direct Exchange shall relieve such Exchanging Member of any prior breach of this Agreement.

7.3 Tax Treatment.

Unless otherwise required by applicable Law, the parties hereto acknowledge and agree a Direct Exchange, as the case may be, shall be treated as a direct exchange between the Company or Pubco, as applicable, and the Exchanging Member for U.S. federal and applicable state and local income tax purposes.

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7.4 Term.

Any Member holding Exchangeable Units is required to exchange such units on or prior to the Termination Date. The Termination Date shall be the date that is four (4) years from the Effective Date. If a Member has not exchanged such units on or prior to the Termination Date, the units will be deemed to have been transferred and surrendered to the Company [or Transfer Agent] for exchange into Pubco Shares [at the close of business] on the Termination Date without further action from the Member.

7.5 Voting Trust Agreement.

Each Member holding Exchangeable Units gives the Trustees under the Voting Trust Agreement the authority to exercise each Member's "voting rights", if any, in the Trustees' sole discretion.

**ARTICLE VIII  
RIGHTS AND OBLIGATIONS OF MEMBERS**

8.1 Limited Liability.

Except as required under the Act or as expressly set forth in this Agreement, no Member will be personally liable for any debt, obligation, or liability of the Company, whether it arises in contract, tort, or otherwise, unless expressly agreed by such Member in writing.

8.2 Members Are Not Agents.

Pursuant to Section 4.1 and the Articles, the management of the Company is vested in the Manager. No Member, acting solely in the capacity of a Member, is an agent of the Company nor can any Member in such capacity bind or execute any instrument on behalf of the Company or make any expenditure on behalf of the Company. The Members hereby consent to the exercise by the Manager of the powers conferred on it by law.

8.3 Substituted Members.

Subject to the provisions of Article VI hereof, in connection with the Permitted Transfer of a Membership Interest hereunder, the transferee shall become a substituted Member ("***Substituted Member***") on the effective date of such Permitted Transfer, which effective date shall not be earlier than the date of compliance with the conditions to such Transfer, and such admission shall be shown on the books and records of the Company.

8.4 Withdrawal and Resignation; Termination of Membership Interest.

No Member shall have the power or right to withdraw or otherwise resign as a Member from the Company prior to the dissolution and winding up of the Company pursuant to Article X. Any Member, however, that attempts to withdraw or otherwise resign as a Member from the Company without the prior written consent of the Manager upon or following the dissolution and winding up of the Company pursuant to Article X, but prior to such Member receiving the full amount of Distributions from the Company to which such Member is entitled pursuant to Article X, shall be liable to the Company for all damages (including all lost profits and special, indirect and consequential damages) directly or indirectly caused by the withdrawal or resignation of such Member. Upon a Transfer of all of a Member's Units in a Transfer permitted by this Agreement, subject to the provisions of Article VI, such Member shall cease to be a Member.

8.5 Transactions With The Company.

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Subject to any limitations set forth in this Agreement and with the prior approval of the Manager after full disclosure of the Member's involvement, a Member may lend money to and transact other business with the Company. Subject to other applicable law, the Member has the same rights and obligations with respect thereto as a Person who is not a Member.

8.6 No Right of Partition.

No member, other than the Manager, shall have the right to seek or obtain partition by court decree or operation of Law of any Company property, or the right to own or use particular or individual assets of the Company.

8.7 Remuneration To Members.

Except as otherwise authorized in, or pursuant to, this Agreement, no Member is entitled to remuneration for acting in the Company business, subject to the entitlement of Manager or Members winding up the affairs of the Company to reasonable compensation pursuant to Section 10.3. Members who do render services to the Company are entitled to such compensation as may be agreed upon by the Manager from time to time. Any compensation paid to a Member for services rendered will be treated as an expense of the Company and a guaranteed payment within the meaning of IRC §707(c), and the amount of the compensation will not be charged against the share of profits of the Company that would otherwise be allocated to the Member.

8.8 Members' Voting Rights.

A. Except with respect to the Mandatory Voting Rights, the Non-Voting Interests shall not be entitled to vote on any matter and shall have no voting rights. With respect to the Mandatory Voting Rights, subject to applicable Law, the Class B Members shall have a Voting Percentage Interest equal to one percent (1%) and shall vote with the Voting Interests as a single class.

B. Except as expressly provided in this Agreement, the Articles, or required by the Act, (i) the Voting Interests have the right to approve or disapprove matters as specifically stated in this Agreement, (ii) the Voting Interests shall vote together as a single class, and (iii) a vote, consent or approval of Members holding a Majority Interest of the Voting Percentage Interest shall be sufficient to authorize or approve such act.

8.9 Meetings of Members.

A. Date, Time, and Place of Meeting of Members; Secretary. Meetings of Members may be held at such date, time, and place within or without the State of California that the Manager may fix from time to time. No annual or regular meetings of Members or Manager are required. At any Members' meeting, the Manager shall appoint a person to preside at the meeting and a person to act as secretary of the meeting. The secretary of the meeting shall prepare minutes of the meeting which shall be placed in the minute books of the Company.

B. Power to Call Meetings. Unless otherwise prescribed by the Act or by the Articles, meetings of the Members may be called by the Manager, or upon written demand of Members holding more than ten percent (10%) of the Voting Interests, for the purpose of addressing any matters on which the Members may vote.

C. Notice of Meeting. Written notice of a meeting of Members shall be sent or otherwise given to each Member in accordance with Corporations Code Section 17704.07(h)(2) not less than ten (10) nor more than sixty (60) days before the date of the meeting. The notice shall specify the place, date and

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hour of the meeting and the general nature of the business to be transacted. No other business may be transacted at this meeting. Upon written request to the Manager by any person entitled to call a meeting of Members, the Manager shall immediately cause notice to be given to the Members entitled to vote that a meeting will be held at a time requested by the person calling the meeting, not less than ten (10) days nor more than sixty (60) days after the receipt of the request. If the Manager does not provide notice within twenty (20) days after the receipt of the request, the person entitled to call the meeting may give the notice.

D. Manner of Giving Notice; Affidavit of Notice. Notice of any meeting of Members shall be given either personally or by first-class mail or telegraphic or other written communication (email suffices), charges prepaid, addressed to the Member at the address of that Member appearing on the books of the Company or given by the Member to the Company for the purpose of notice. If no address appears on the Company's books or is given, notice will be deemed to have been given if sent to that Member by first-class mail or telegraphic or other written communication to the Company at its principal executive office, or if published at least once in a newspaper or general circulation in the county where that office is located. Notice will be deemed to have been given at the time when delivered personally or deposited in the mail or sent by telegram or other means of written communication.

If any notice addressed to a Member at the address of that Member appearing on the Company's books is returned to the Company by the United States Postal Service, or if the United States Postal Service is unable to deliver the notice to the Member at that address, all future notices or reports will be deemed to have been duly given without further mailing if those notices or reports are made available to the Member on the Member's written demand at the Company's principal executive office for a period of one year from the date of the notice.

An affidavit of the mailing or other means of giving any notice of any meeting must be executed by the Manager or any secretary, assistant secretary, or any transfer agent of the Company giving the notice and must be filed and maintained in the Company's minute book.

E. Quorum. The presence in person or by proxy of the holders of a Majority Interest of Voting Percentage Interests shall constitute a quorum at a meeting of Members. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the loss of a quorum, if any action taken after loss of a quorum (other than adjournment) is approved by at least Members holding a Majority Interest of Voting Percentage Interest.

F. Adjourned Meeting; Notice. Any Members' meeting, whether or not a quorum is present, may be adjourned from time by the vote of the majority of the Membership Interests represented at that meeting, either in person or by proxy, but in the absence of a quorum, no other business may be transacted at that meeting. When any meeting of Members is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place are announced at a meeting at which the adjournment is taken, unless a new record date for the adjourned meeting is subsequently fixed, or unless the adjournment is for more than forty-five (45) days from the date set for the original meeting, in which case the Manager will set a new record date. At any adjourned meeting the Company may transact any business which might have been transacted at the original meeting.

G. Waiver of Notice or Consent. The actions taken at any meeting of Members however called and noticed, and wherever held, have the same validity as if taken at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if either before or after the meeting, each of the Members entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or consents to the holding of the meeting or approves the minutes of the meeting. All such waivers, consents, or approvals must be filed with the Company's records or made a part of the meeting. A Member's attendance at a meeting constitutes a waiver of notice of that meeting, except when the Member objects at the beginning of the meeting to the transaction of any business because the meeting

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is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting if that objection is expressly made at the meeting. Neither the business to be transacted nor the purpose of any meeting of Members need be specified in any written waiver of notice.

H. Action by Written Consent Without a Meeting. Any action that may be taken at a meeting of Members may be taken without a meeting if a consent in writing setting forth the action so taken is signed and delivered to the Company within sixty (60) days of the record date for that action by Members having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all Members entitled to vote on that action at a meeting were present and voted. All such consents will be filed with the Manager or the secretary, if any, of the Company and will be maintained in the Company records. Any Member giving a written consent, or the Member's proxy holders may revoke the consent by a writing received by the Manager or secretary, if any, of the Company before written consents of the number of Units required to authorize the proposed action have been filed.

I. Telephonic Participation by Member at Meetings. Members may participate in any Members' meeting through the use of any means of conference telephones or similar communications equipment as long as all of the Members participating can hear one another. A Member so participating is deemed to be present in person at the meeting.

J. Record Date. In order that the Company may determine the Members of record entitled to notices of any meeting or to vote, or entitled to receive any distribution or to exercise any rights in respect of any other lawful action, a Manager, or Members representing more than ten percent (10%) of the Voting Interests may fix, in advance, a record date, that is not more than sixty (60) days nor less than ten (10) days prior to any other action. If no record date is fixed, the record date shall be as set forth in Corporations Code Section 17704.07(p):

(i) The record date for determining Members entitled to notice of or to vote at a meeting of Members shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held.

(ii) The record date for determining Members entitled to give consent to Company action in writing without a meeting is the day on which the first written consent is given.

(iii) The record date for determining Members for any other purpose is at the close of business on the day that the Manager adopt the resolution relating thereto, or the 60th day prior to the date of the other action, whichever is later.

(iv) The determination of Members of record entitled to notice of or to vote at a meeting of Members applies to any adjournment of the meeting unless a Manager or the Members who called the meeting fix a new record date for the adjourned meeting, but the Manager or the Members who called the meeting will fix a new record date if the meeting is adjourned for more than 45 days from the date set for the original meeting.

K. Proxies. Members entitled to vote on matters have the right to do so either in person or by one or more agents authorized by a written proxy signed by the person and filed with the Manager or Secretary, if any, of the Company. A proxy will be deemed signed if the Member's name is placed on the proxy (whether by manual signature, typewriting, telegraphic transmission, or otherwise) by the Member or the Member's attorney in fact. A validly executed proxy that does not state that it is irrevocable will continue in full force and effect unless:



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(i) Revoked by the person executing it, before the vote pursuant to that proxy, by a writing delivered to the Company stating that the proxy is revoked, or by a subsequent proxy executed by, or attendance at the meeting and voting in person by, the person executing the proxy; or

(ii) Written notice of the death or incapacity of the maker of that proxy is received by the Company before the vote pursuant to that proxy is counted; provided, however, that no proxy will be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided on the proxy. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Corporations Code Sections 705(e) and 705(f).

**ARTICLE IX**  
**ACCOUNTING, RECORDS, REPORTING BY MEMBERS**

9.1 Books and Records.

The Company's books and records must be kept, and the Company's financial position and the results of the Company's operations recorded, in accordance with the accounting methods followed for federal income tax purposes. The Company's books and records must accurately reflect in all material respects all of the Company transactions and must be appropriate and adequate for the Company's business. The Company must maintain at its principal office in California all of the following:

A. A current list of the full name and last known business or residence address of each Member and Economic Interest Owner set forth in alphabetical order, together with the Capital Contributions, Capital Account and Percentage Interest of each Member and Economic Interest Owner;

B. A current list of the full name and business or residence address of the Manager;

C. A copy of the Articles and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which the Articles or any amendments thereto have been executed;

D. A copy of this Agreement and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which this Agreement or any amendments thereto have been executed;

E. Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the six most recent taxable years;

F. Copies of the Company's financial statements, if any, for the six most recent Fiscal Years; and

G. The Company's books and records as they relate to the internal affairs of the Company for at least the current and past four Fiscal Years.

9.2 Delivery to Members and Inspection.

A. Upon the request of any Member or Economic Interest Owner for purposes reasonably related to the interest of that Person as a Member or Economic Interest Owner, the Manager must promptly deliver to the requesting Member or Economic Interest Owner, at the expense of the Company, a copy of the information required to be maintained by Sections 9.1 (A), (B) and (E).

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B. Each Member, Manager and Economic Interest Owner has the right, upon reasonable request for purposes reasonably related to the interest of the Person as Member, Manager, or Economic Interest Owner, to:

(i) Inspect and copy during normal business hours any of the Company records described in Sections 9.1(A) through (G); and

(ii) Obtain from the Manager, promptly after their becoming available, a copy of the Company's federal, state, and local income tax or information returns for each Fiscal Year.

C. Members representing at least five percent (5%) of the Percentage Interests, or three or more Members, may make a written request to the Manager for an income statement of the Company for the initial three-month, six-month, or nine-month period of the current Fiscal Year ending more than 30 days prior to the date of the request, and a balance sheet of the Company as of the end of that period. The statement must be delivered or mailed to the requesting Members within thirty (30) days thereafter.

D. Any request, inspection or copying by a Member or Economic Interest Owner under this Section 9.2 may be made by that Person or that Person's agent or attorney.

9.3 Annual Statements.

A. The Manager must send or cause to be sent an annual report to each Member not later than one hundred and twenty (120) days after the close of the Fiscal Year. That report must contain a balance sheet as of the end of the Fiscal Year and an income statement and statement of changes in financial position for the Fiscal Year. These financial statements must be accompanied by the report, if any, of the independent accountants engaged by the Company or, if there is no report, the certificate of a Manager that the financial statements were prepared without audit from the Company's book and records.

B. The Manager must prepare, or cause to be prepared at least annually, at Company expense, information necessary for the preparation of the Members' federal and state income tax returns. The Manager will send, or cause to be sent, to each Member or Economic Interest Owner by the due date of such tax return the information necessary to complete federal and state income tax or information returns, and, if the Company has 35 or fewer Members, a copy of the Company's federal, state, and local income tax or information returns for that year.

C. The Manager must file, or cause to be filed, any other statements required by the California Department of Business Oversight.

9.4 Financial and Other Information.

The Manager must provide financial and other information relating to the Company or any other Person in which the Company owns, directly or indirectly, an equity interest, as a Member may reasonably request. The Manager must distribute to the Members, promptly after the preparation or receipt thereof by the Manager, any financial or other information relating to any Person in which the Company owns, directly or indirectly, an equity interest, including any findings by such Person under the Securities Exchange Act of 1934, as amended, that is received by the Company with respect to any equity interest of the Company in such Person.

9.5 Filings.

The Manager, at Company expense, must cause the income tax returns for the Company to be prepared and timely filed with the appropriate authorities. The Manager, at Company expense, must also

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cause to be prepared and timely filed, with appropriate federal and state regulatory and administrative bodies, amendments to, or restatements of, the Articles and all reports required to be filed by the Company with those entities under the Act or other current applicable laws, rules, and regulations. If a Manager required by the Act to execute or file any document fails, after demand, to do so within a reasonable period of time or refuses to do so, any other Manager or Member may prepare, execute and file that document with the California Secretary of State.

9.6 Bank Accounts.

The Manager must maintain the Company's funds in one or more separate bank accounts in the Company's name and may not permit the Company's funds to be commingled in any fashion with any other Person's funds.

9.7 Accounting Decisions and Reliance on Others.

The Manager, except as otherwise specifically set forth herein, must make all decisions regarding accounting matters. The Manager may rely upon the advice of their accountants or other third party professionals as to whether such decisions are in accordance with accounting methods followed for federal income tax purposes.

9.8 Status as Company for Tax Purposes.

Any provision hereof to the contrary notwithstanding, solely for United States federal income tax purposes, the Company will have the tax status reflected on its income tax return, which will be determined by the Tax Representative.

9.9 Tax Matters.

A. **"Tax Representative"** means (i) for the Company's taxable years beginning before January 1, 2018, the Company's "tax matters partner" under Section 6231(a)(7) of the Code and (ii) for the Company's taxable years beginning on or after January 1, 2018, the Company's "partnership representative" under Section 6223(a) of the Code. The Manager will be the Tax Representative.

B. The Company will bear the legal and accounting costs incurred by the Company and the Tax Representative (except to the extent arising from the Tax Representative's breach of a fiduciary duty or willful violation of law) associated with any contested or uncontested proceeding by the Internal Revenue Service concerning the Company's taxes, but not any resulting liabilities, adjustments, fines, penalties, or interest for which the Members are individually liable under applicable law, unless otherwise elected by the Tax Representative.

C. Subject to applicable law and its fiduciary duties to the Members, the Tax Representative will have the exclusive right and authority to decide, in the Tax Representative's sole and absolute discretion, whether and in what manner to contest any proceeding concerning the Company's taxes, including appeals or judicial proceedings, and whether and on what terms to settle any such dispute with the Internal Revenue Service. Without limiting the generality of the foregoing, on and after January 1, 2018, the Tax Representative will have the exclusive right to decide, in the Tax Representative's sole and absolute discretion, whether to make elections under Sections 6221, 6225, and 6226 of the Code with respect to the Company's taxes.

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D. Each Member acknowledges that the Tax Representative's decisions regarding tax matters relating to the Company may result in: (i) Members being personally responsible for tax and other liabilities for which they may not receive reimbursement from the Company or the other Members; (ii) current Members being personally responsible for tax and other liabilities relating to periods before they became Members; and (iii) former Members being personally responsible for tax and other liabilities relating to periods during which they were Members, even though they are no longer Members.

E. Within ten (10) business days after a written request by the Tax Representative, a current or former Member shall provide the Tax Representative with all information and documents, including self-certifications, tax identification numbers, tax forms, and verifications thereof, that the Tax Representative deems necessary in connection with any contested or uncontested proceeding by the Internal Revenue Service concerning the Company's taxes. Within a reasonable time (but not more than thirty (30) days) after receiving written notice from the Company, each current and former Member shall: (i) make all adjustments to its tax returns and related documents, including for prior tax years, that are directed by the Company based on the elections made by the Tax Representative in connection with any contested or uncontested proceeding by the Internal Revenue Service concerning the Company's taxes; and (ii) pay any liabilities, adjustments, fines, penalties, or interest attributable to the adjustments made to that current or former Member's tax returns and related documents.

F. Each current and former Member shall defend, indemnify, and hold harmless the Company, the other current and former Members, the Tax Representative, and their respective owners, beneficiaries, successors, and assigns free and harmless from any loss or damage arising out of or relating to that current or former Member's breach or violation of this Section 9.9.

G. For purposes of this Section 9.9, "**Member**" includes a Transferee and "**Membership Interests**" includes transferred interests.

H. The obligations under this Section 9.9 will survive the termination of the Company, the termination of this Agreement, and the Transfer of all or any part of a Member's Membership Interest.

9.10 Tax Withholding.

A. The Manager are authorized and directed to cause the Company to withhold from or pay on behalf of any Member the amount of federal, state, local or foreign taxes that the Manager reasonably believes the Company is required to withhold or pay with respect to any amount distributable or allocable to such Member pursuant to this Agreement, including, without limitation, any taxes the Company is required to pay under Code Sections 1441, 1442, 1445 or 1446 and any taxes imposed by any state or other taxing jurisdiction on the Company as an entity. Without limiting the foregoing, the Manager must cause the Company to withhold (and remit to the appropriate governmental authority), from amounts otherwise distributable to a Member, any taxes that the Member notifies the Manager in writing should be withheld, which notice will be given by any Member who becomes aware of any withholding obligation to which it is subject and will specifically set forth, inter alia, the rate at which tax should be withheld and the name and address to which any amounts withheld should be remitted.

B. If the Company is required to withhold and pay over to taxing authorities amounts on behalf of a Member exceeding available amounts then remaining to be distributed to such Member, those payments by the Company constitute a loan to that Member that the Member must repay on demand, together with interest at the applicable federal rate determined from time to time under Code Section 7872(f)(2) or the maximum rate permitted under applicable law, whichever is less, calculated upon the outstanding principal balance of the loan as of the first day of each month. Any loan must be repaid to the Company, in whole or in part, as determined by the Manager in its sole discretion, either:

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(i) Out of any distributions from the Company that the Member is (or becomes) entitled to receive; or

(ii) By the Member in cash upon demand by the Manager (with the Member bearing all of the Company's costs of collection, including reasonable attorneys' fees, if the Member does not remit payment after the demand for payment).

C. Each Member agrees to cooperate fully with all efforts of the Company to comply with its tax withholding and information reporting obligations and agrees to provide the Company with any information the Manager may reasonably request periodically in connection with those reporting obligations.

**ARTICLE X**  
**DISSOLUTION AND WINDING UP**

10.1 Dissolution.

The Company must be dissolved, its Property disposed of, and its affairs wound up on the first to occur of the following:

A. Upon the happening of any event of dissolution specified in the Articles;

B. Upon the entry of a decree of judicial dissolution pursuant to Section 17707.03 of the Corporations Code, although the non-moving Members may avoid dissolution prior to the entry of a decree in the method described in Section 17707.03(c) of the Company Code; or,

C. Upon the consent of the Majority Interest of the Voting Interest Members.

10.2 Certificate of Dissolution.

As soon as possible following the occurrence of any of the events specified in Section 10.1, the Manager must execute a Certificate of Dissolution in the California Department of Business Oversight and file the Certificate as required by the Act.

10.3 Winding Up.

Upon the occurrence of any event specified in Section 10.1 of this Agreement, the Company will continue solely for the purpose of winding up its affairs in an orderly manner, prosecuting and defending actions by or against it in order to collect and discharge obligations, disposing of and conveying its Property, liquidating its Property, and satisfying the claims of its creditors. The Manager will be responsible for overseeing the winding up and liquidation of Company, will take full account of the liabilities and Property of Company, will either cause its Property to be sold or distributed, and if sold, as promptly as is consistent with obtaining the fair market value thereof, will cause the proceeds therefrom, to the extent sufficient therefore, to be applied and distributed as provided in Section 10.5. The Persons winding up the affairs of the Company will give written notice of the Commencement of winding up by mail to all known creditors and claimants whose addresses appear on the Company's records. The Manager winding up the affairs of the Company will be entitled to reasonable compensation for their services.

10.4 Distributions in Kind.

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Any non-cash asset distributed to one or more Members must first be valued at its fair market value to determine the income or loss that would have resulted if the asset were sold for fair market value. The income or loss will then be allocated pursuant to Article V, and the Members' Capital Accounts will be adjusted to reflect those allocations. The amount distributed and charged to the Capital Account of each Member receiving an interest in the distributed asset will be the fair market value of the interest (net of any liability secured by the asset that the Member assumes or takes subject to). The fair market value of the asset must be determined by the Manager or by the Members, or if any Member objects, by a qualified independent appraiser recognized as an expert in valuing the type of asset involved. If an appraiser must be selected, the appraiser must be selected by the Manager or liquidating trustee and approved by the Members.

10.5 Order of Payment of Liabilities Upon Dissolution.

After determining that all the known debts and liabilities of the Company in the process of winding up, including, without limitation, debts and liabilities to Members who are creditors of the Company, have been paid or adequately provided for and subject to Section 17707.05(b) of the Corporations Code in the event of winding up due to a court order or under court supervision, the Company's remaining Property must be distributed to the Members in accordance with Section 9.6.

10.6 Compliance with Regulations.

All payments to the Members upon the winding up and dissolution of Company must be strictly in accordance with the positive capital account balance limitation and other requirements of Regulations Section 1.704-1(b)(2)(ii)(d).

10.7 No Liability.

If any Member has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which such liquidation occurs), such Member shall have no obligation to make any contribution to the capital of the Company with respect to such deficit, and such deficit shall not be considered a debt owed to the Company or to any other Person for any purpose whatsoever.

10.8 Certificate of Cancellation.

The Manager who filed the Certificate of Dissolution must cause to be filed in the office of, and on a form prescribed by, the California Department of Business Oversight, a certificate of cancellation of the Articles upon the completion of the winding up of the Company's affairs.

10.9 No Action for Dissolution.

Except as expressly permitted in this Agreement, a Member may not take any voluntary action that directly causes the Company to dissolve. The Members acknowledge that irreparable damage would be done to the Company's goodwill and reputation if any Member should bring an action in court to dissolve the Company under circumstances where dissolution is not required by Section 10.1. This Agreement has been drawn carefully to provide fair treatment of all parties and equitable payment in liquidation of the Economic Interests.

**ARTICLE XI  
INDEMNIFICATION AND INSURANCE**

11.1 Definitions.

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For purposes of this Article XI, the following definitions apply:

A. “**Expenses**” include, without limitation, attorneys’ fees, disbursements and retainers; court costs; transcript costs; fees of accountants, experts and witnesses; travel expenses, duplicating costs; printing and binding costs; telephone charges; postage; delivery service fees; and all other expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, or being or preparing to be a witness or other participant in a Proceeding.

B. “**Proceeding**” includes any action, suit, arbitration, alternative dispute resolution mechanism, investigation, administrative hearing or other proceeding, whether civil, criminal, administrative or investigative in nature, except a proceeding initiated by a Person pursuant to Section 11.10B of this Agreement to enforce such Person’s rights under this Agreement.

11.2 Indemnification of Organizer, Manager, Officers, and Employees.

A. The Company shall indemnify any Organizer, Manager, officer, or employee of the Company who was or is a party or is threatened to be made a party to, or otherwise becomes involved in, any Proceeding (other than a Proceeding by or in the right of the Company), by reason of the fact that such Organizer, Manager, officer, or employee of the Company is or was an agent of the Company, against all Expenses, amounts paid in settlement, judgments, fines, penalties and ERISA excise taxes actually and reasonably incurred by or levied against such Organizer, Manager, officer, or employee in connection with such Proceeding if it is determined as provided in Section 11.4 or by a court of competent jurisdiction that such Organizer, Manager, officer, or employee acted in good faith and in a manner he, she, or it reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal Proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any Proceeding, whether by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, will not, of itself create a presumption that an Organizer, Manager, officer, or employee of the Company did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that an Organizer, Manager, officer, or employee had reasonable cause to believe that his or her conduct was unlawful.

B. The Company must indemnify any Organizer, Manager, officer, or employee of the Company who was or is a party or is threatened to be made a party to, or otherwise becomes involved in, any Proceeding by or in the right of the Company to procure a judgment in its favor by reason of the fact that such Organizer, Manager, officer, or employee is or was an agent of the Company only against Expenses actually and reasonably incurred by such Organizer, Manager, officer, or employee in connection with such Proceeding if it is determined as provided in Section 11.4 or by a court of competent jurisdiction that such Organizer, Manager, officer, or employee acted in good faith and in a manner he, she, or it reasonably believed to be in or not opposed to the best interests of the Company, except that no indemnification may be made with respect to any claim, issue or matter as to which that Organizer, Manager, officer, or employee has been adjudged liable to the Company unless and only to the extent that the court in which such Proceeding was brought or other court of competent jurisdiction determined upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the Organizer, Manager officer, or employee is fairly and reasonably entitled to indemnification for Expenses that the court may deem proper.

11.3 Successful Defense.

Notwithstanding any other provision of this Agreement, to the extent that an Organizer, Manager, officer, or employee of the Company has been successful on the merits or otherwise in defense of any Proceeding referred to in Section 11.2, or in defense of any claim, issue or matter therein, the Organizer,

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Manager, officer, or employee must be indemnified against Expenses actually and reasonably incurred in connection therewith.

#### 11.4 Determination of Conduct.

Any indemnification under Section 11.2 (unless ordered by a court as referred to in such Section) will be made by the Company only as authorized in the specific case upon a determination that indemnification of the Organizer, Manager, officer, or employee of the Company is proper in the circumstances because such Organizer, Manager, officer, or employee has met the applicable standard of conduct set forth in Section 11.2. Such determination will be made reasonably and in good faith by the Manager.

#### 11.5 Payment of Expenses in Advance.

Expenses incurred by an Organizer, Manager, officer, or employee of the Company in connection with a Proceeding will be paid by the Company in advance of the final disposition of the Proceeding upon receipt of a written undertaking (satisfactory to the Manager, excluding any Manager being so indemnified) by or on behalf of that Organizer, Manager, officer, or employee to repay such amount if it is ultimately determined that the Organizer, Manager, officer, or employee is not entitled to be indemnified by the Company as authorized in this Article XI.

#### 11.6 Indemnification of Other Agents.

The Company may, but is not obligated to, indemnify any Person (other than an Organizer, Manager, officer, or employee of the Company) who was or is a party or is threatened to be made a party to, or otherwise becomes involved in, any Proceeding (including any Proceeding by or in the right of the Company) by reason of the fact that such Person is or was an agent of the Company (including Members who are not Manager or officers of the Company), against Expenses, amounts paid in settlement, judgments, fines, penalties and ERISA excise taxes actually and reasonably incurred by such Person in connection with such Proceeding under the same circumstances and to the same extent as is provided for or permitted in this Article XI with respect to an Organizer, Manager, officer, or employee of the Company.

#### 11.7 Indemnity Not Exclusive.

The indemnification and advancement of Expenses provided by, or granted pursuant to, the provisions of this Article XI, will not be deemed exclusive of any other rights to which any Person seeking indemnification or advancement of Expenses may be entitled under any agreement, vote of Manager or Members, or otherwise, both as to action in such Person's capacity as an agent of the Company and as to action in another capacity while serving as an agent. All rights to indemnification under this Article XI will be deemed to be provided by a contract between the Company and each Manager and officer, if any, of the Company who serves in such capacity at any time while this Agreement and relevant provisions of the Act and other applicable law, if any, are in effect. Any repeal or modification hereof or thereof will not affect any such rights then existing.

#### 11.8 Insurance.

The Company has the power to purchase and maintain insurance on behalf of any Person who is or was an agent of the Company against any liability asserted against such Person and incurred by such Person in any such capacity, or arising out of such Person's status as an agent, whether or not the Company would have the power to indemnify such Person against such liability under the provisions of this Article XI or Section 17704.08 of the Act. In the event a Person receives payment from any



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insurance carrier or from the plaintiff in any action against that Person with respect to indemnified amounts after payment on account of all or part of such indemnified amounts having been made by the Company pursuant to this Article XI, the Person must reimburse the Company for the amount, if any, by which the sum of such payment by the insurance carrier or such plaintiff and payments by the Company to that Person exceeds such indemnified amounts; provided, however, that the portions, if any, of the insurance proceeds that are required to be reimbursed to the insurance carrier under the terms of its insurance policy will not be deemed to be payments to the Person hereunder. Additionally, upon payment of indemnified amounts under the terms and conditions of this Agreement, the Company will be subrogated to such Person's rights against any insurance carrier with respect to such indemnified amounts (to the extent permitted under such insurance policies). This right of subrogation will terminate upon receipt by the Company of the amount to be reimbursed by the Person pursuant to the first sentence of this Section 11.8. The Company has the power to purchase and maintain life insurance on behalf of the Founding Members for the benefit of the Company for such time that the Founding Members are Members of the Company (whether or not such Founding Members are also Manager of the Company).

11.9 Heirs, Executors, and Administrators.

The indemnification and advancement of Expenses provided by, or granted pursuant to, this Article XI will, unless otherwise provided when authorized or ratified, continue as to a Person who has ceased to be an agent of the Company and will inure to the benefit of such Person's heirs, executors and administrators.

11.10 Right to Indemnification Upon Application.

A. Any indemnification or advance under Section 11.2 or Section 11.5 must be made promptly, and in no event later than sixty (60) days, after the Company's receipt of the written request of an Organizer, Manager, officer, or employee of the Company therefor, unless, in the case of an indemnification, a determination will have been made as provided in Section 11.4 that such Organizer, Manager, officer, or employee has not met the relevant standard for indemnification set forth in Section 11.2.

B. The right of a Person to indemnification or an advance of Expenses as provided by this Article XI will be enforceable in any court of competent jurisdiction. Neither the failure by the Manager of the Company or its independent legal counsel to have made a determination that indemnification or an advance is proper in the circumstances, nor any actual determination by the Manager of the Company or its independent legal counsel that indemnification or an advance is not proper, will be a defense to the action or create a presumption that the relevant standard of conduct has not been met. In any such action, the Person seeking indemnification or advancement of Expenses will be entitled to recover from the Company any and all expenses of the types described in the definition of Expenses in Section 11.1A of this Agreement actually and reasonably incurred by such Person in such action, but only if he, she, or it prevails therein.

11.11 Limitations on Indemnification.

The Company may make no payments under this Agreement:

A. To indemnify or advance funds to any Person with respect to a Proceeding initiated or brought voluntarily by such Person and not by way of defense, except as provided in Section 11.10B with respect to a Proceeding brought to establish or enforce a right to indemnification under this Agreement, otherwise than as required under California law, but indemnification or advancement of Expenses may be provided by the Company in specific cases if a determination is made in the manner provided in Section 11.4 that it is appropriate.

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B. If a court of competent jurisdiction finally determines that any indemnification or advance of Expenses hereunder is unlawful.

C. To indemnify or advance funds to a Member or Manager for gross negligence or willful misconduct.

11.12 Partial Indemnification.

If a Person is entitled under any provision of this Article XI to indemnification by the Company for a portion of Expenses, amounts paid in settlement, judgments, fines, penalties or ERISA excise taxes incurred by such Person in any Proceeding but not, however, for the total amount thereof, the Company will nevertheless indemnify that Person for the portion of those Expenses, amounts paid in settlement, judgments, fines, penalties, or ERISA excise taxes to which the Person is entitled.

**ARTICLE XII**  
**INVESTMENT REPRESENTATIONS**

Each Member hereby represents and warrants to, and agrees with, the Manager, the other Members, and the Company as follows:

12.1 Pre-existing Relationship or Experience.

That Member has a preexisting personal or business relationship with the Company or one or more of its officers, Manager or control persons or by reason of the Member's business or financial experience, or by reason of the business or financial experience of the Member's financial advisor who is unaffiliated with and who is not compensated, directly or indirectly, by the Company or any affiliate or selling agent of the Company, Member is capable (i) of evaluating the risks and merits of an investment in the Membership Interest and (ii) of protecting Member's own interests in connection with this investment.

12.2 No Advertising.

Member has not seen, received, been presented with, or been solicited by any leaflet, public promotional meeting, newspaper or magazine article or advertisement, radio or television advertisement, or any other form of advertising or general solicitation with respect to the sale of the Membership Interest.

12.3 Investment Intent.

Member is acquiring the Membership Interest for investment purposes for Member's own account only and not with a view to or for sale in connection with any distribution of all or any part of the Membership Interest. No other person will have any direct or indirect beneficial interest in or right to the Membership Interest.

12.4 Accredited Investor.

Member is an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated by the Securities and Exchange Commission (the "*SEC*") under the Securities Act as presently in effect.

12.5 Economic Risk.

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Member is financially able to bear the economic risk of an investment in the Membership Interest, including the total loss thereof.

12.6 No Registration of Membership Interest.

Member acknowledges that the Membership Interest has not been registered under the Securities Act in that the Membership Interest will be acquired from the Company in a transaction not involving a public offering, and that the Membership Interest may be resold without registration under the Securities Act only in certain limited circumstances and that otherwise the Membership Interest must be held indefinitely. In this connection, Member understands the resale limitations imposed by the Securities Act and is familiar with Securities and Exchange Commission Rule 144, as presently in effect, and the conditions which must be met in order for that Rule to be available for resale of “restricted securities,” including the requirement that the securities must be held for at least two years after purchase thereof from the Company prior to resale (three years in the absence of publicly available information about the Company) and the condition that there be available to the public current information about the Company under certain circumstances. Member understands that the Company has not made such information available to the public and has no present plans to do so.

12.7 Membership Interest is Restricted Security.

Member understands that the Membership Interest is a “restricted security” under the Securities Act in that the Membership Interest will be acquired from the Company in a transaction not involving a public offering, and that the Membership Interest may be resold without registration under the Securities Act only in certain limited circumstances and that otherwise the Membership Interest must be held indefinitely.

12.8 No Obligation to Register.

Member represents, warrants, and agrees that the Company and the Manager are under no obligation to register or qualify the Membership Interest under the Securities Act or under any state securities law, or to assist Member in complying with any exemption from registration and qualification.

12.9 No Disposition in Violation of Law.

Without limiting the representations set forth above, and without limiting Article VII of this Agreement, Member will not make any disposition of all or any part of the Membership Interest which will result in the violation by Member or by the Company of the Securities Act, California’s Uniform Commercial Code – Investment Securities laws, or any other applicable securities laws. Without limiting the foregoing, Member agrees not to make any disposition of all or any part of the Membership Interest unless and until:

A. There is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement and any applicable requirements of state securities laws; or

B. Member has notified the Company of the proposed disposition and has furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and if reasonably requested by the Company Member has furnished the Company with a written opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of any securities under the Securities Act or the consent of or a permit from appropriate authorities under any applicable state securities law.

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12.10 Investment Risk.

Member acknowledges that the Membership Interest is a speculative investment which involves a substantial degree of risk of loss by Member of Member's entire investment in the Company.

12.11 Investment Experience.

Member is an experienced investor in unregistered and restricted securities of limited liability companies or limited partnerships.

12.12 Restrictions on Transferability.

Except for the right to Exchange the Exchangeable Units in Article VII, Member acknowledges that there are substantial restrictions on the transferability of the Membership Interest pursuant to this Agreement, that there is no public market for the Membership Interest and none is expected to develop, and that, accordingly, it may not be possible for Member to liquidate Member's investment in the Company.

12.13 Information Reviewed.

Member believes it has received and reviewed all information that Member has requested from the Company for Member's decision whether to purchase the Membership Interest. Member has had an opportunity to ask questions and receive answers from the Company and its officers, Manager and employees regarding the terms and conditions of purchase of the Membership Interest and regarding the business, financial affairs, and other aspects of the Company, and Member believes it has had the opportunity to obtain all of the information which Member deems necessary to evaluate the investment and to verify the accuracy of information otherwise provided to Member.

12.14 No Representations by Company.

No Manager, agent, or employee of the Company, or of any Manager, or any other Person has at any time expressly or implicitly represented, guaranteed, or warranted to Member that Member may freely transfer the Membership Interest, that a percentage of profit and/or amount or type of consideration will be realized as a result of an investment in the Membership Interest, that past performance or experience on the part of the Manager or their Affiliates or any other person in any way indicates the results of the ownership of the Membership Interest or of the overall Company business, that any cash distributions from Company operations or otherwise will be made to the Members by any specific date or will be made at all, or that any specific tax benefits will accrue as a result of an investment in the Company.

12.15 Consultation with Attorney.

Member has been advised to consult with Member's own attorney regarding all legal matters concerning an investment in the Company and the tax consequences of participating in the Company, and has done so, to the extent Member considers necessary.

12.16 Tax Consequences.

Member acknowledges that the tax consequences to Member of investing in the Company will depend on Member's particular circumstances, and, except as otherwise provided in any agreement between a Member and the Company, none of the Company, the Manager, the other Members, and the partners, shareholders, members, Manager, agents, officers, directors, employees, Affiliates, or

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consultants of any of them will be responsible or liable for the tax consequences to Member of an investment in the Company. Member will look solely to, and rely upon, Member's own advisers with respect to the tax consequences of this investment.

12.17 No Assurance of Tax Benefits.

Member acknowledges that there can be no assurance (i) that the Code or the Regulations will not be amended or interpreted in the future in such a manner so as to deprive the Company and the Members of some or all of the tax benefits they might now receive or (ii) that some of the deductions claimed by the Company or the allocations of items of income, gain, loss, deduction, or credit among the Members will not be challenged by the Internal Revenue Service.

12.18 Indemnity.

Member will indemnify and hold harmless the Company, the Organizer, each and every Manager, each and every other Member, and any organizers, officers, directors, shareholders, Manager, members, employees, partners, agents, attorneys, registered representatives, and control persons of any such entity who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, to the extent arising from any material misrepresentation or misstatement of facts to the Company or the omission by Member to represent or state material facts to the Company, including, without limitation, the information in this Agreement, against losses, liabilities, and expenses of the Company, the Organizer, each and every Manager, each and every other Member, and any organizers, officers, directors, shareholders, Manager, members, employees, partners, attorneys, accountants, agents, registered representatives, and control persons of any such Person (including attorneys' fees, judgments, fines, and amounts paid in settlement, payable as incurred) incurred by such Person in connection with such action, suit, proceeding, or the like.

12.19 Confidentiality.

A. Each Member acknowledges that during the term of this Agreement, each Member may have access to and become acquainted with trade secrets, proprietary information and confidential information belonging to the Company and their Affiliates that are not generally known to the public, including, but not limited to, information concerning business plans, financial statements and other information provided pursuant to this Agreement, operating practices and methods, expansion plans, strategic plans, marketing plans, contracts, customer lists or other business documents which the Company treats as confidential, in any format whatsoever (including oral, written, electronic or any other form or medium) (collectively, subject to Section 12, "**Confidential Information**"). In addition, each Member acknowledges that: (i) the Company has invested, and continues to invest, substantial time, expense and specialized knowledge in developing its Confidential Information; (ii) the Confidential Information provides the Company with a competitive advantage over others in the marketplace; and (iii) the Company would be irreparably harmed if the Confidential Information were disclosed to competitors or made available to the public. Without limiting the applicability of any other agreement to which any Member is subject, no Member shall, directly or indirectly, disclose or use (other than solely for the purposes of such Member monitoring, analyzing and managing his investment in the Company or performing his duties as a Manager, officer, employee, consultant or other service provider of the Company or complying with tax or other legal requirements imposed on such Member) at any time, including, without limitation, use for personal, commercial or proprietary advantage or profit, either during his membership, association, or employment with the Company or thereafter, any Confidential Information of which such Member is or becomes aware. Each Member in possession of Confidential Information shall take all reasonable steps to safeguard such information and to protect it against unauthorized disclosure and against misuse, espionage, loss and theft.

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B. Nothing contained in Section 12.19A shall prevent any Member from disclosing Confidential Information: (i) upon the order of any court or administrative agency; (ii) upon the request or demand of any regulatory agency or authority having jurisdiction over such Member; (iii) to the extent compelled by legal process or required or requested pursuant to subpoena, interrogatories or other discovery requests; (iv) to the extent necessary in connection with the exercise of any remedy hereunder; (v) to other Members; (vi) to such Member's Representatives who, in the reasonable judgment of such Member, need to know such Confidential Information and agree to be bound by the provisions of this Section 12.19 as if a Member; (vii) in connection with the preparation or filing of such Member's tax and information returns or other tax reporting obligations imposed on such Member under applicable law; or (viii) to any potential permitted transferee set forth under Article VI in connection with a proposed Transfer of Units from such Member, as long as such transferee agrees to be bound by the provisions of this Section 12.19 as if a Member; provided, that in the case of clause (i), (ii) or (iii), such Member shall notify the Company and other Members of the proposed disclosure as far in advance of such disclosure as practicable (but in no event make any such disclosure before notifying the Company and other Members) and use reasonable efforts to ensure that any Confidential Information so disclosed is accorded confidential treatment satisfactory to the Company, when and if available.

C. The restrictions of Section 12.19 shall not apply to information that: (i) is or becomes generally available to the public other than as a result of a disclosure by a Member in violation of this Agreement; (ii) is or becomes available to a Member or any of its Representatives on a non-confidential basis prior to its disclosure to the receiving Member and any of its Representatives in compliance with this Agreement; (iii) is or has been independently developed or conceived by such Member without use of Confidential Information; or (iv) becomes available to the receiving Member or any of its Representatives on a non-confidential basis from a source other than the Company, any other Member or any of their respective Representatives; provided, that such source is not known by the recipient of the information to be bound by a confidentiality agreement with the disclosing Member or any of its Representatives.

**ARTICLE XIII  
AMENDMENTS**

13.1 Amendment by Approval.

Except as otherwise required by Law, this Agreement is subject to amendment only with the written consent of the Manager. The power of attorney granted pursuant to Section 15.2 may be used by the Manager to execute on behalf of a Member any document evidencing or effecting an amendment adopted in accordance with this Section 13.1.

**ARTICLE XIV  
TRUSTS**

14.1 Trustee Liability.

When this Agreement is executed by the trustee of any trust, such execution is by the trustee, not individually, but solely as trustee in the exercise of and under the power and authority conferred upon and invested in such trustee, and it is expressly understood and agreed that nothing herein contained is to be construed as creating any liability on any such trustee personally to pay any amounts required to be paid hereunder, or to perform any covenant, either express or implied, contained herein, all such liability, if any, being expressly waived by the parties hereto by their execution hereof. Any liability of any Member, which is a trust, whether owing to the Company or to any other Member, will be only that of such trust to the full extent of its trust estate and will not be a personal liability of any trustee, grantor or beneficiary thereof.

14.2 Termination of a Trust.

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The transfer of all or any portion of the Membership Interest by a trust which is a Member pursuant to the exercise of any power of appointment, or otherwise, to a beneficiary of such trust or to another person or persons or to another trust or trusts, whether or not such transfer is in connection with the termination of such distributing trust, will be subject to the conditions and restrictions on transfer set forth in Article VI, and the transferee may be admitted to the Company in accordance therewith.

**ARTICLE XV  
MISCELLANEOUS**

15.1 Complete Agreement.

This Agreement and the Articles constitute the complete and exclusive statement of agreement among the Members and Manager with respect to the subject matter herein and therein and replace and supersede all prior written and oral agreements or statements by and among the Members and Manager or any of them. To the extent that any provision of the Articles conflict with any provision of this Agreement, the Articles will control.

15.2 Power of Attorney.

Each Member, by execution of this Agreement, irrevocably constitutes and appoints the Manager as such Member's true and lawful attorney-in-fact and agent, with full power and authority in such Member's name, place, and stead to execute, acknowledge, and deliver, and to file or record in any appropriate public office:

- A. Any and all counterparts of this Agreement and any and all amendments hereto;
- B. Any certificate or other instrument that may be necessary, desirable, or appropriate to qualify the Company as a limited liability company or to transact business as such in any jurisdiction in which the Company conducts business;
- C. Any certificate or amendment to the Company's Articles of Organization or to any certificate or other instrument that may be necessary, desirable, or appropriate to reflect an amendment approved by the Members in accordance with the provisions of this Agreement; and,
- D. Any certificates or instruments that may be necessary, desirable, or appropriate to reflect the dissolution and winding up of the Company.

Each Member, by execution of this Agreement, irrevocably constitutes and appoints the Manager as such Member's true and lawful attorney-in-fact and agent, with full power and authority in such Member's name, place, and stead to act as its proxy in respect to any vote or approval of Members required to give effect to the Exchange Rights or any other act by Manager, including any vote required under applicable Law. This power of attorney will be deemed to be coupled with an interest and will survive the Transfer of the Member's Economic Interest. Notwithstanding the existence of this power of attorney, each Member agrees to join in the execution, acknowledgment, and delivery of the instruments referred to above if requested to do so by a Manager.

15.3 Binding Effect.

Subject to the provisions of this Agreement relating to transferability, this Agreement will be binding upon and inure to the benefit of the Members, and their respective successors and assigns.

15.4 Parties in Interest.

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Except as expressly provided in the Act, nothing in this Agreement will confer any rights or remedies under or by reason of this Agreement on any Persons other than the Members and Manager and their respective successors and assigns nor will anything in this Agreement relieve or discharge the obligation or liability of any third person to any party to this Agreement, nor will any provision give any third person any right of subrogation or action over or against any party to this Agreement.

15.5 Pronouns; Statutory References.

All pronouns and all variations thereof will be deemed to refer to the masculine, feminine, or neuter, singular or plural, as the context in which they are used may require. Any reference to the Code, the Regulations, the Act, Corporations Code or other statutes or laws will include all amendments, modifications, or replacements of the specific sections and provisions concerned.

15.6 Headings.

All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

15.7 Interpretation.

In the event any claim is made by any Member relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion will be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular Member or that Member's counsel.

15.8 References to this Agreement.

Numbered or lettered articles, sections and subsections in this Agreement refer to articles, sections and subsections of this Agreement unless otherwise expressly stated.

15.9 Jurisdiction.

Each Member hereby consents to the exclusive jurisdiction of the state and federal courts sitting in California in any action on a claim arising out of, under or in connection with this Agreement or the transactions contemplated by this Agreement, provided that claim is not required to be arbitrated pursuant to Section 15.10. Each Member further agrees that personal jurisdiction over the Member may be effected by service of process by registered or certified mail addressed as provided in Section 15.14 of this Agreement, and that when so made will be as if served upon the Member personally within the State of California.

15.10 Disputed Matters.

Except as otherwise provided in this Agreement, any controversy or dispute arising out of this Agreement, the interpretation of any of the provisions hereof, or the action or inaction of any Member or Manager hereunder will be submitted to binding, confidential arbitration in Orange County, California before JAMS, and the arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules & Procedures. Any award or decision obtained from any such arbitration proceeding will be final and binding on the parties, and judgment upon any award thus obtained may be entered in any court having jurisdiction thereof. No action at law or in equity based upon any claim in any court may be instituted by any Member except (a) an action to compel arbitration pursuant to this Section 15.10; or (b) an action to enforce an award obtained in an arbitration proceeding in accordance with this Section 15.10.



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15.11 Exhibits.

All exhibits attached to this Agreement are incorporated and will be treated as if set forth in the Agreement.

15.12 Severability.

If any of this Agreement's provisions or the application of a provision to any person or circumstance shall be held invalid, the remainder of this Agreement or the application of that provision to persons or circumstances other than those to which it is held invalid will not be affected thereby.

15.13 Additional Documents and Acts.

Each Member agrees to execute and deliver any additional documents and instruments necessary and appropriate to effectuate, carry out, and perform all of the terms, provisions, and conditions of and the transactions contemplated under this Agreement.

15.14 Notices.

Any notice to be given or to be served upon the Company or any party to this Agreement in connection with this Agreement must be in writing (which may include facsimile and/or electronic transmission under Section 17701.02(i)(1)-(2) of the Corporations Code) and will be deemed to have been given and received when delivered to the address specified by the party to receive the notice. All notices must be given to the Manager at the address specified in Exhibit "A" to this Agreement. Any party may, at any time by giving five (5) days prior written notice to the other parties, designate any other address in substitution of the foregoing address to which the notice must be given.

15.15 Reliance on Authority of Person Signing Agreement.

If a Member is not a natural person, neither the Company nor any Member will (a) be required to determine the authority of the individual signing this Agreement to make any commitment or undertaking on behalf of the Member or to determine any fact or circumstance bearing upon the existence of the authority of that individual; or (b) be responsible for the application or distribution of proceeds paid or credited to the individual signing this Agreement on behalf of the Member.

15.16 No Interest in Company Property: Waiver of Action for Partition.

No Member or Economic Interest Owner has any interest in any of the Company's Property. Without limiting the foregoing, each Member and Economic Interest Owner irrevocably waives during the term of the Company any right that he or she may have to maintain any action for partition with respect to the Company's Property.

15.17 Multiple Counterparts.

This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. Federal ESIGN Act of 2000) or other transmission.

15.18 Attorney Fees.

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In the event that any dispute between the Company and the Members or among the Members results in litigation or arbitration, the prevailing party in the dispute is entitled to recover from the other party all reasonable fees, costs, and expenses of enforcing any right of the prevailing party, including without limitation, reasonable attorneys' fees and expenses.

15.19 Time is of the Essence.

All dates and times in this Agreement are of the essence.

15.20 Remedies Cumulative.

The remedies under this Agreement are cumulative and do not exclude any other remedies that any person may be lawfully entitled.

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IN WITNESS WHEREOF, the Members and Manager of CR COMPANIES, LLC, a California limited liability company, have executed this Agreement effective as of the Effective Date.

MEMBERS:

\_\_\_\_\_  
Rene Suarez

Mangold Holdings, LLC

By: \_\_\_\_\_  
Corey Mangold, Manager

Bean Factory, LLC

By: \_\_\_\_\_  
Corey Mangold, Manager

[INSERT ALL THE MEMBERS SIGNATURES]

**EXHIBIT A**  
**CR COMPANIES, LLC**  
**CAPITAL CONTRIBUTION OF MEMBERS AND**  
**ADDRESSES OF MEMBERS AND MANAGER**

**(SEE ATTACHED)**

**EXHIBIT "B"**

**UNIT ASSIGNMENT SEPARATE FROM CERTIFICATE**

**[Please sign this document but do not date it. The date and information of the transferee will be completed if and when the units are assigned or transferred pursuant to the terms of the A&R LLC Agreement or any unit purchase agreement by and between \_\_\_\_\_, LLC and the undersigned Member.]**

FOR VALUE RECEIVED, \_\_\_\_\_ hereby sells, assigns and transfers unto CR COMPANIES, LLC, a California limited liability company (the "Company") \_\_\_\_\_ (\_\_\_\_\_) Class \_\_\_ units of the Company, standing in his name on the books of the Company represented by Certificate No. \_\_\_ herewith, and does hereby irrevocably constitute and appoint the Secretary of the Company to transfer the said units in the books of the Company with full power of substitution.

DATED: \_\_\_\_\_

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

Spouse (if applicable)  
\_\_\_\_\_

**SCHEDULE E**

**SUPPORT AGREEMENT**

# SCHEDULE E

## SUPPORT AGREEMENT

**THIS AGREEMENT** made as of the \_\_\_ day of \_\_\_\_\_, 2018.

### BETWEEN:

**EARNY RESOURCES LTD.**, a company organized under the laws of the Province of British Columbia, Canada ("**Pubco**")

and

**CR INTERNATIONAL, INC.**, a corporation incorporated under the laws of the State of Nevada ("**CRI**")

and

**CR COMPANIES, LLC**, a limited liability company organized under the laws of the State of California (the "**LLC**")

### RECITALS:

- A. CRI is a subsidiary of Pubco and the sole voting member and the sole manager of the LLC.
- B. On September 12, 2018, Pubco, CRI and LLC entered into a securities exchange agreement ("**Securities Exchange Agreement**") pursuant to which CRI will become a subsidiary of Pubco at the Closing (as defined herein).
- C. Prior to the Closing of the Securities Exchange Agreement, the members of the LLC adopted an amended and restated limited liability company agreement of the LLC ("**A&R LLC Agreement**"), pursuant to which the outstanding Class B Nonvoting Units ("**Exchangeable Units**") were granted rights to exchange their units directly into common shares of Pubco ("**Pubco Shares**") as provided in, and subject to the limitations of, the A&R LLC Agreement.
- D. In connection with the Securities Exchange Agreement and the A&R LLC Agreement, Pubco, CRI, and the LLC have agreed to execute a support agreement as provided for herein.

**NOW THEREFORE**, the parties agree as follows:

# SCHEDULE E

## ARTICLE I DEFINITIONS AND INTERPRETATION

### 1. Defined Terms

For the purposes of this Agreement, unless the context otherwise requires, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

“**Agreement**” means this Support Agreement, including all recitals and schedules, as it may be amended, supplemented and/or restated in accordance with its terms;

“**A&R LL Agreement**” shall have the meaning set forth in Recital “C” to this Agreement;

“**CRI**” means CR International, Inc.;

“**CRI Shares**” means shares of common stock of CRI;

“**LLC**” means CR Companies, LLC;

“**Pubco**” means Earny Resources, Ltd.;

“**Pubco Shares**” shall have the meaning set forth in Recital “C” of this Agreement.

“**Pubco Successor**” shall have the meaning set forth in Section 3.1(a);

“**Securities Exchange Agreement**” shall have the meaning set forth in Recital “B” of this Agreement.

Each term denoted herein by initial capital letters and not otherwise defined in this Agreement has the respective meaning given to it in the **A&R LLC Agreement**, unless the context requires otherwise.

### 2. Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

### 3. Including

Where the word “including” or “includes” is used in this Agreement, it means “including (or includes) without limitation”.

### 4. No Strict Construction

The language used in this Agreement is the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.



# SCHEDULE E

## 5. Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

## 6. Statutory References

A reference to a statute includes all registrations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.

## 7. Date for Any Action

If the date on which any action is required to be taken hereunder by any Person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

## 8. Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under U.S. GAAP and all determinations of an accounting nature required to be made shall be made in accordance with U.S. GAAP consistently applied.

## ARTICLE 2 COVENANTS OF PUBCO, CRI AND THE LLC

### 2.1 Covenants Regarding Exchangeable Units for Pubco Shares

So long as any Exchangeable Units of the LLC are outstanding, Pubco will:

- (a) upon the election of the holder of the Exchangeable Units of LLC ("**Unitholder**"), effect an exchange directly with a Unitholder, take all such actions and do all things as are reasonably necessary or desirable to effect the exchange of Exchangeable Units directly with the holder thereof, in accordance with applicable law, including, without limiting the generality of the foregoing, take all such actions and do all such things as are necessary or desirable to cause to be delivered directly to the Unitholder Pubco Shares in accordance with the provisions of the Securities Exchange Agreement and the A&R LLC Agreement; and
- (b) ensure that CRI does not exercise its vote as the Manager of the LLC to initiate the voluntary liquidation, dissolution or winding up of the LLC nor take any action or omit to take any action that is designed to result in the liquidation, dissolution or winding-up of the LLC.

### 2.2 Reservation of Pubco Shares

Pubco hereby represents, warrants and covenants in favor of the LLC and CRI that Pubco will, at all times while any Exchangeable Units are outstanding, authorize for issuance such number of Pubco Shares (or other shares or securities into which Pubco Shares may be reclassified or changed) without duplication: (a) as is equal to the sum of (i) the number of Exchangeable Units issued and outstanding from time to time; (ii) the number of Exchangeable Units issuable upon the exercise, conversion or exchange of all rights to acquire Exchangeable Units outstanding from time to time; and (b) as are now and may hereafter be required to enable and permit Pubco or its affiliates to meet their respective obligations under the Securities Exchange Agreement

## SCHEDULE E

and the A&R LLC Agreement, and to enable and permit the LLC to meet its obligations under the A&R LLC Agreement. Nothing contained herein shall be construed to preclude Pubco from satisfying its obligations in respect of any exchange contemplated in Sections 2.1 by delivery of exchanged Pubco Shares (which may or may not be held in the treasury of Pubco). Pubco covenants that all Pubco Shares issued upon such an exchange will, upon issuance, be validly issued, fully paid and non-assessable.

### **2.3 Stock Exchange Listing**

Pubco covenants and agrees in favor of the LLC and CRI that, as long as any outstanding Exchangeable Units are owned by any Person, Pubco will use commercially reasonable efforts to maintain a listing for Pubco Shares on a stock exchange which is a designated stock exchange within the meaning of the *Income Tax Act* (Canada) and to ensure that Pubco is a “public corporation” within the meaning of the *Income Tax Act* (Canada).

### **2.4 Notification by Pubco of Certain Events**

In order to assist CRI and the LLC in complying with their respective obligations hereunder, Pubco will notify the LLC and CRI of each of the following events at the time set forth below:

- (a) promptly, upon the earlier of receipt by Pubco of notice of and Pubco otherwise becoming aware of any threatened or instituted claim, suit, petition or other proceedings; and
- (b) as soon as practicable upon the split, consolidation, reclassification, recapitalization or other change in the outstanding securities of Pubco and the issuance by Pubco of any Pubco Shares or rights to acquire Pubco Shares.

### **2.5 Notification by the LLC of Certain Events**

In order to assist Pubco in complying with its obligations hereunder and to permit Pubco to exercise a direct exchange of Exchangeable Units pursuant to the terms of the A&R LLC Agreement, the LLC will notify Pubco and CRI of each of the following events at the time set forth below:

- (a) promptly, upon the earlier of receipt by the LLC of notice of and the LLC otherwise becoming aware of any threatened or instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding-up of the LLC or to effect any other distribution of the assets of the LLC among its members for the purpose of winding up its affairs;
- (b) immediately, upon receipt by the LLC of a request by a Unitholder to exchange such Unitholder’s Exchangeable Units, as contemplated in the Securities Exchange Agreement and the A&R LLC Agreement; and
- (c) as soon as practicable upon the split, consolidation, reclassification, recapitalization or other change in the outstanding securities of the LLC and the issuance by the LLC of any Exchangeable Units or rights to acquire Exchangeable Units.

### **2.6 Delivery of Pubco Shares**

In furtherance of its obligations under Sections 2.1(a), and 2.1(b), upon notice from the LLC of any event that requires the LLC [or direct with Pubco] to cause to be delivered Pubco Shares to any holder of

## SCHEDULE E

Exchangeable Units, Pubco shall forthwith deliver, or cause to be delivered through its transfer agent or otherwise, as the LLC may direct, the requisite number of Pubco Shares to be received by, or to the order of, the former holder of the surrendered Exchangeable Units, as applicable, as the LLC shall direct, and shall if necessary, and subject to obtaining all necessary shareholder approvals (if any), issue new Pubco Shares for such purpose. All such Pubco Shares shall be duly authorized and validly issued as fully paid and non-assessable and shall be free and clear of any lien, claim and encumbrance. Notwithstanding the above, any Pubco Shares issued in exchange for Exchangeable Units subject to escrow requirements in accordance with the policies of the Canadian Securities Exchange shall be delivered to the escrow agent to be released in accordance with the terms of an escrow agreement to be entered into among Pubco, the escrow agent and any such former holder of Exchangeable Units.

### **2.7 Listing of Pubco Shares**

Pubco will in good faith take all such reasonable actions and do all such things as are reasonably necessary or desirable to cause all Pubco Shares to be delivered hereunder to be listed, quoted or posted for trading on the CSE and any other stock exchanges and quotation systems on which outstanding Pubco Shares have been listed by Pubco and remain listed and are quoted or posted for trading at such time (it being understood that any such Pubco Shares may be subject to transfer restrictions under applicable securities laws). Nothing in this Agreement shall require Pubco to register any securities pursuant to the *United States Securities Exchange Act of 1933*, as amended, or the *United States Securities Exchange Act of 1934*, as amended, or to register or qualify any securities for distribution under a prospectus pursuant to any applicable Canadian securities laws or United States federal securities or state “blue sky” laws.

### **2.8 Tender Offers**

So long as any Exchangeable Units are outstanding, in the event that a tender offer, Securities Exchange Agreement offer, issuer bid, take-over bid, arrangement, business combination or similar transaction with respect to Pubco Shares (an “**Offer**”) is proposed by Pubco or is proposed to Pubco or its shareholders and is recommended by the board of directors of Pubco, or is otherwise effected or to be effected with the consent or approval of the board of directors of Pubco, Pubco will use its best efforts in good faith to take all such actions and do all such things as are necessary or desirable to enable and permit holders of Exchangeable Units (other than CRI and its affiliates) to participate in such Offer to the same extent and on an economically equivalent basis as the holders of Pubco Shares, without discrimination. Without limiting the generality of the foregoing, Pubco will use its best efforts in good faith to ensure that holders of Exchangeable Units may participate in each such Offer without being required to exchange Exchangeable Units of the LLC (or, if so required, to ensure that any such exchange, shall be effective only upon, and shall be conditional upon, the closing of such Offer and only to the extent necessary to tender or deposit to the Offer).

### **2.9 Ordinary Market Purchases**

For greater certainty, nothing contained in this Agreement shall limit the ability of Pubco (or any of its subsidiaries, including without limitation, CRI or the LLC) to make ordinary market purchases of Pubco Shares in accordance with applicable laws and regulatory and stock exchange requirements.

**ARTICLE 3  
PUBCO SUCCESSORS**

**3.1 Certain Requirements in Respect of Combination, etc.**

As long as any outstanding Exchangeable Units are owned by any Person or any of its affiliates, Pubco shall not consummate any transaction (whether by way of reconstruction, recapitalization, reorganization, consolidation, arrangement, merger, amalgamation, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person or of the continuing corporation resulting therefrom unless:

- (a) such other Person or continuing corporation (the “**Pubco Successor**”) by operation of law, becomes bound by the terms and provisions of this Agreement or, if not so bound, executes, before or contemporaneously with the consummation of such transaction, an agreement supplemental hereto and such other instruments (if any) as are reasonably necessary or advisable to evidence the assumption by Pubco Successor of liability for all moneys payable and property deliverable hereunder and the covenant of such Pubco Successor to pay and deliver or cause to be paid and delivered the same and its agreement to observe and perform all the covenants and obligations of Pubco under this Agreement; and
- (b) such transaction shall be upon such terms and conditions as to substantially preserve and not to impair in any material respect any of the rights, duties, powers and authorities of the other parties hereunder or the holders of the Exchangeable Units.

**3.2 Vesting of Powers in Successor**

Whenever the conditions of Section 3.1 have been duly observed and performed, the parties, if required by Section 3.1, shall execute and deliver the supplemental agreement provided for in Section 3.1(a) and thereupon Pubco Successor shall possess and from time to time may exercise each and every right and power of Pubco under this Agreement in the name of Pubco or otherwise and any act or proceeding by any provision of this Agreement required to be done or performed by the board of directors of Pubco or any officers of Pubco may and shall be done and performed with like force and effect by the directors or officers of such Pubco Successor.

**ARTICLE 4  
GENERAL**

**4.1 Term**

This Agreement shall come into force and be effective as of the date hereof and shall terminate and be of no further force and effect at such time as no Exchangeable Units are held by any Person other than Pubco and any of its affiliates.

**4.2 Changes in Capital of Pubco, CRI and the LLC**

- (a) In the event of a reclassification, consolidation, split, dividend of securities or other recapitalization of Pubco Shares, CRI Shares or Exchangeable Units, Pubco, CRI and the LLC, as applicable, shall undertake all actions necessary and appropriate to maintain the same ratios between the number Pubco Shares, the number of CRI Shares and the number

## SCHEDULE E

Exchangeable Units issued and outstanding immediately prior to any such reclassification, consolidation, split, dividend of securities or other recapitalization, including, without limitation, also effecting a reclassification, consolidation, split, dividend of securities or other recapitalization with respect to, as applicable, the Pubco Shares, CRI Shares and Exchangeable Units.

- (b) At all times after the occurrence of any event as a result of which Pubco Shares, CRI Shares or Exchangeable Units (or any combination of the foregoing) are in any way changed, this Agreement shall forthwith be amended and modified as necessary in order that it shall apply with full force and effect, *mutatis mutandis*, to all new securities into which Pubco Shares, CRI Shares or Exchangeable Units (or any combination of the foregoing) are so changed and the parties hereto shall execute and deliver an agreement in writing evidencing such necessary amendments and modifications.

### 4.3 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby are not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

### 4.4 Amendments, Modifications

- (a) Subject to Sections 4.2, 4.3 and 4.5, this Agreement may not be amended or modified except by an agreement in writing executed by the LLC, CRI and Pubco and approved by the holders of a majority of the outstanding Exchangeable Units in accordance with the terms of the A&R LLC Agreement.
- (b) No amendment or modification or waiver of any of the provisions of this Agreement otherwise permitted hereunder shall be effective unless made in writing and signed by all of the parties hereto.

### 4.5 Ministerial Amendments

Notwithstanding the provisions of Section 4.4, the parties to this Agreement may in writing at any time and from time to time, without the approval of the holders of the Exchangeable Units, amend or modify this Agreement for the purposes of: adding to the covenants of any or all parties if the manager of the LLC, the board of directors of CRI and the board of directors of Pubco shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the holders of the Exchangeable Units, in both cases as a whole other than Pubco and its affiliates:

- (a) making such amendments or modifications not inconsistent with this Agreement as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the manager of the LLC, the board of directors of CRI and the board of directors of Pubco, it may be expedient to make, provided that each such manager or board of directors, as the case may be, shall be of the good faith opinion that such amendments or modifications will not be prejudicial to the interests of the holders of the Exchangeable Units, in both cases as a whole

# SCHEDULE E

other than Pubco and its affiliates; or

- (b) making such changes or corrections which, on the advice of counsel to the LLC, CRI and Pubco, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the manager of the LLC, the board of directors of CRI and the board of directors of Pubco shall be of the good faith opinion that such changes or corrections will not be prejudicial to the interests of the holders of the Exchangeable Units, in both cases as a whole other than Pubco and its affiliates.

## 4.6 Meeting to Consider Amendments

The LLC, at the request of Pubco, shall submit to the holders of the Exchangeable Units a written consent or otherwise call a meeting of the holders of Exchangeable Units, for the purpose of considering any proposed amendment or modification requiring approval under Section 4.4. Any such meeting or meetings shall be called and held in accordance with the A&R LLC Agreement and all applicable laws.

## 4.7 Enurement & Assignment

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns; *provided* that any attempted assignment of the rights and obligations of this Agreement by any party hereto to a third-party shall be null and void *ab initio* unless the requirements of Article 3 are satisfied in connection with such assignment.

## 4.8 Notices to Parties

All notices and other communications between the parties to this Agreement shall be in writing and shall be deemed to have been given if delivered personally or by electronic communication to the parties at the following addresses (or at such other address for any such party as shall be specified in like notice):

- (a) if to Pubco, at:

Earny Resources, Ltd.  
2050 – 1055 West Georgia Street  
Vancouver, British Columbia V6E 3P3  
Attention: Navin Varshney  
Email: naveenv@shaw.ca

- (b) if to the LLC, at:

CR Companies, LLC  
17865 Sky Park Circle, Ste. H  
Irvine, CA 92614  
Attention: Rene Suarez  
Email: Rene@orchidessentials.com

- (c) if to CRI, at:

CR International, Inc.  
17865 Sky Park Circle, Ste. H

## SCHEDULE E

Irvine, CA 92614  
Attention: Corey Mangold  
Email: Corey@orchidessentials.com

Any notice or other communication given personally shall be deemed to have been given and received upon delivery thereof and if given by electronic communication shall be deemed to have been given and received on the date of receipt thereof unless such day is not a Business Day or the notice or other communication was sent after 5:00 p.m. (Pacific Time), in which case it shall be deemed to have been given and received upon the immediately following Business Day.

### **4.9 Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

### **4.10 Jurisdiction**

This Agreement shall be construed and enforced in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

### **4.11 Attornment**

Each of the parties hereto agrees that any action or proceeding arising out of or relating to this Agreement may be instituted in the courts of British Columbia, waives any objection which it may have now or hereafter to the venue of any such action or proceeding, irrevocably submits to the jurisdiction of the said courts in any such action or proceeding, agrees to be bound by any judgment of the said courts and not to seek, and hereby waives, any review of the merits of any such judgment by the courts of any other jurisdiction and each of the LLC and CRI hereby appoints Pubco at its registered office in the Province of British Columbia as attorney for service of process.

**SCHEDULE E**

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

**EARNY RESOURCES LTD.**

By: \_\_\_\_\_  
Name: Praveen Varshney  
Title: Chief Executive Officer

**CR INTERNATIONAL, INC.**

By: \_\_\_\_\_  
Name: Corey Mangold  
Title: Chief Executive Officer

By: \_\_\_\_\_  
Name: Rene Suarez  
Title: Chief Operating Officer  
& Secretary

**CR COMPANIES, LLC**

By: \_\_\_\_\_  
Name: Corey Mangold  
Title: Manager

By: \_\_\_\_\_  
Name: Rene Suarez  
Title: Manager

*Signature Page –Support Agreement*



**SCHEDULE F**

**VOTING TRUST AGREEMENT**

## SCHEDULE F

### VOTING TRUST AGREEMENT

THIS AGREEMENT made as of the ◆ day of ◆, 2018

BETWEEN:

**EARNY RESOURCES LTD.**, a corporation existing under the laws of British Columbia, having its registered and records office at 1500 – 1055 West Georgia Street, Vancouver, BC V6E 4N7

(“**Earny**”)

AND:

**CR COMPANIES, LLC**, a limited liability company organized under the laws of the State of California, having an office for notice and delivery located at 17865 Sky Park Cir. Ste. H, Irvine, California 92614

(“**CRC**”)

AND:

**COREY MANGOLD**, of ◆

(“**Mangold**”)

AND:

**RENE SUAREZ**, of ◆

(“**Suarez**”)

**WHEREAS** Earny, CRC and CR International, Inc., a corporation incorporated under the laws of the State of Nevada, USA entered into a securities exchange agreement (the “**Transaction Agreement**”) dated as of September 12, 2018;

**AND WHEREAS** immediately prior to the Closing (as defined in the Transaction Agreement), the limited liability company agreement of CRC will be amended and restated (the “**A&R LLC Agreement**”) which agreement will provide Class B Nonvoting Units with certain rights to exchange such units (the “**Exchangeable Units**”) for common shares of Earny (“**Earny Shares**”);

**AND WHEREAS** in accordance with Section ◆ of the Transaction Agreement the parties to the Transaction Agreement agreed to provide the registered holders of Exchangeable Units, solely to the extent and as provided in this Agreement, with the ability to vote on all matters submitted to a vote of the holders of Earny Shares, as if such holders had exchanged their Exchangeable Units for Earny Shares in accordance with the terms of the A&R LLC Agreement;

**AND WHEREAS** each of the registered holders of the Exchangeable Units have provided the Trustee with an irrevocable power of attorney to exercise their Voting Rights pursuant to this Agreement;

**AND WHEREAS** Earny intends to amend its articles and notice of articles in order to carry out the intent of this Agreement;

**AND WHEREAS** Mangold and Suarez have agreed to act as trustee;

**NOW THEREFORE**, the parties hereto agree as follows:

## **ARTICLE 1** **INTERPRETATION**

### **1.1 Defined Terms**

For the purposes of this Agreement, unless the context otherwise requires, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

“**Affiliate**” has the meaning set out in the A&R LLC Agreement;

“**Agreement**” means this Voting Trust Agreement as the same may be supplemented or amended from time to time;

“**A&R LLC Agreement**” has the meaning set out in the recitals to this Agreement;

“**BCBCA**” means the *Business Corporations Act* (British Columbia);

“**Beneficiaries**” means the registered holders from time to time of Exchangeable Units;

“**Beneficiary Votes**” has the meaning set out in Section 4.2;

“**Business Day**” means a day which is not a Saturday, Sunday or a statutory holiday in the Province of British Columbia;

“**Class Vote Proposal**” has the meaning set out in Section 4.1;

“**Combined Vote**” has the meaning set out in Section 4.1;

“**CRC**” means CR Companies, LLC;

“**Exchangeable Units**” has the meaning set out in the recitals to this Agreement;

“**Earny**” means Earny Resources Ltd.;

“**Earny Board**” means the board of directors of Earny;

“**Earny Consent**” has the meaning set out in Section 4.2;

“**Earny Meeting**” has the meaning set out in Section 4.2;

“**Earny Shares**” has the meaning set out in the recitals;

“**Incapable**” with respect to an individual means determined to be mentally incapable by a court or other proper authority or determined to be mentally or physically or both mentally and physically incapable of handling his or her affairs in the written opinion of two physicians;

“**Indemnified Parties**” has the meaning set out in Section 5.5;

“**Initial Trustees**” means Mangold and Suarez;

“**Liabilities**” has the meaning set out in Section 5.5;

“**List**” has the meaning set out in Section 4.4;

“**Person**” has the meaning set out in the A&R LLC Agreement;

“**Record Date**” has the meaning set out in Section 4.2;

“**Special Voting Share**” means the one special voting share in the capital of Earny, having the rights set forth in the articles of Earny, which entitles the holder of record to a number of votes at meetings of holders of Earny Shares equal to the number of Exchangeable Units outstanding from time to time, which share is to be issued to, deposited with, and voted by, the Trustee as described herein;

“**Transaction Agreement**” has the meaning set out in the recitals to this Agreement;

“**Trust**” means the voting trust created by this Agreement under the laws of the Province of British Columbia;

“**Trust Estate**” means the Special Voting Share held by the Trustee pursuant to this Agreement;

“**Trustee**” means the trustee or trustees from time to time acting under this Agreement and includes the Initial Trustees appointed hereunder and subject to the provisions of Article 6, includes any successor trustee(s) or permitted assigns.

“**Voting Rights**” means the voting rights attached to the Special Voting Share.

## 1.2 **Rules of Construction**

Except as may be otherwise specifically provided in this Agreement and unless the context otherwise requires, in this Agreement:

- (a) the terms “Agreement”, “this Agreement”, “the Agreement”, “hereto”, “hereof”, “herein”, “hereby”, “hereunder” and similar expressions refer to this Agreement in its entirety and not to any particular provision hereof;
- (b) references to an “Article” or “Section” followed by a number or letter refer to the specified Article or Section of this Agreement;
- (c) the division of this Agreement 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 Agreement;
- (d) words importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders;
- (e) the word “including” is deemed to mean “including without limitation”;
- (f) the terms “party” and “the parties” refer to a party or the parties to this Agreement;
- (g) any reference to this Agreement, the A&R LLC Agreement or Transaction Agreement means this Agreement, the A&R LLC Agreement or Transaction Agreement, as the case may be, as amended, modified, replaced or supplemented from time to time;
- (h) any reference to a statute, regulation or rule shall be construed to be a reference thereto as the same may from time to time be amended, re-enacted or replaced, and any reference to a statute shall include any regulations or rules made thereunder;
- (i) any time period within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends; and
- (j) whenever any payment shall be due, any period of time shall begin or end, any calculation is to be made or any other action is to be taken on, or as of, or from a period ending on, a day other than a Business Day, such payment shall be made, such period of time shall begin or end, such calculation shall be made and such other actions shall be taken, as the case may be, on, or as of, or from a period beginning on or ending on, the next succeeding Business Day.

### **1.3 Governing Law and Submission to Jurisdiction**

This Agreement shall be governed by and interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by and interpreted and enforced in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable therein. Each of the parties irrevocably attorns and submits to the exclusive jurisdiction of the British Columbia courts situated in the City of Vancouver and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

### **1.4 Severability**

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

## **ARTICLE 2** **PURPOSE OF AGREEMENT**

### **2.1 Establishment of Trust**

The purpose of this Agreement is to create the Trust for the benefit of the Beneficiaries, as herein provided. The Trustee will hold the Special Voting Share in order to enable the Trustee to exercise the Voting Rights as Trustee for and on behalf of the Beneficiaries as provided in this Agreement.

## **ARTICLE 3** **SPECIAL VOTING SHARE**

### **3.1 Issue and Ownership of the Special Voting Share**

Earny has issued to and shall deposit with the Trustee the Special Voting Share, and the Trustee shall acknowledge the delivery of the certificate representing such share, to be thereafter held of record by the Trustee as trustee for and on behalf of, and for the use and benefit of, the Beneficiaries in accordance with the provisions of this Agreement. Earny hereby acknowledges receipt from the Trustee of \$1.00 and other good and valuable consideration (and the adequacy thereof) for the issuance of the Special Voting Share by Earny to the Trustee. During the term of the Trust and subject to the terms and conditions of this Agreement, the Trustee shall have control and the exclusive administration of the Special Voting Share and shall be entitled to exercise all of the rights and powers of an owner with respect to the Special Voting Share provided that the Trustee shall:

- (a) hold the Special Voting Share and all the rights related thereto solely for the use and benefit of the Beneficiaries in accordance with the provisions of this Agreement; and
- (b) except as specifically authorized by this Agreement, have no power or authority to sell, transfer, vote or otherwise deal in or with the Special Voting Share, and the Special Voting Share shall not be used or disposed of by the Trustee for any purpose other than the purposes for which the Trust is created pursuant to this Agreement.

### **3.2 Authority of Trustee to Exercise Voting Rights**

The Trustee warrants and represents that the Trustee has received irrevocable powers of attorney from all of the Beneficiaries providing the Trustee with the power to exercise their Voting Rights under this Agreement without any further direction.

### **3.3 Safe Keeping of Certificates**

The certificate representing the Special Voting Share shall at all times be held in safe keeping by the Trustee or its agent.

## **ARTICLE 4** **EXERCISE OF VOTING RIGHTS**

### **4.1 Voting Rights**

The Trustee, as the holder of record of the Special Voting Share, shall be entitled to all of the Voting Rights, including the right to vote the Special Voting Share in person or by proxy on any matters, questions, proposals or propositions whatsoever that may properly come before the shareholders of Earny at an Earny Meeting and the right to consent in connection with an Earny Consent; provided, that the Trustee shall not be required to attend any Earny Meeting in person in order to exercise the Voting Rights hereunder. The Voting Rights shall be and remain vested in and exercised by the Trustee.

In the event that under applicable law any matter requires the approval of the holder of record of the Special Voting Share, voting separately as a class (but for greater certainty, excluding any matter upon which only the Earny Shares are entitled to vote as a separate class under applicable law), the Trustee shall, in respect of such vote, exercise all Voting Rights: (a) in favor of the relevant matter where the result of the vote of holders of Earny Shares and the Special Voting Share, voting together as if they were a single class on such matter (a “**Combined Vote**”), would be the approval of such matter, and (b) against the relevant matter where the result of the Combined Vote would be against the relevant matter; provided that, in the event of a vote on a proposal to amend the articles of Earny or to take any other action that would: (A) effect an exchange, reclassification, cancellation or other modification which could adversely affect the Special Voting Share or the rights thereunder or (B) add, change, amend, modify or remove in any respect the rights, privileges, restrictions or conditions attached to the Special Voting Share (any of the foregoing actions described in clauses (A) or (B)), a “**Class**

**Vote Proposal**”), in each case, then the Special Voting Share shall be entitled to vote separately as a class and the Trustee shall exercise all Voting Rights for or against the Class Vote Proposal as the Trustee determines is in the best interests of the Beneficiaries.

#### **4.2 Number of Votes**

With respect to all meetings of shareholders of Earny at which holders of Earny Shares are entitled to vote (each, an **“Earny Meeting”**) and with respect to all written consents sought from the holders of Earny Shares (to the extent allowable under applicable law, each, an **“Earny Consent”**), the Trustee shall be entitled to cast and exercise that number of votes comprised in the Voting Rights for the Special Voting Share which is equal to that number of votes which would attach to the Earny Shares receivable upon the exchange of the Exchangeable Units owned of record by the Beneficiaries on the record date (the **“Record Date”**) established by Earny or by applicable law for such Earny Meeting or Earny Consent, as the case may be (the **“Beneficiary Votes”**), in respect of each matter, question, proposal or proposition to be voted on at such Earny Meeting or in connection with such Earny Consent.

#### **4.3 Copies of Shareholder Information**

If requested by any Beneficiary, the Trustee will deliver to such Beneficiary copies of all proxy materials (including notices of Earny Meetings but excluding proxies to vote Earny Shares), information statements, reports (including all interim and annual financial statements) and other written communications that, in each case, are to be distributed from time to time to holders of Earny Shares.

#### **4.4 List of Persons Entitled to Vote**

CRC shall (a) prior to each annual, general and special Earny Meeting or the seeking of any Earny Consent from the holders of Earny Shares and (b) forthwith upon each request made at any time by the Trustee in writing, prepare or cause to be prepared a list (a **“List”**) of the names and addresses of the Beneficiaries arranged in alphabetical order and showing the number of Exchangeable Units held of record by each such Beneficiary, in each case at the close of business on the date specified by the Trustee in such request or, in the case of a List prepared in connection with an Earny Meeting or a Earny Consent, at the close of business on the Record Date. Each such List shall be delivered to the Trustee promptly after receipt by CRC of such request or the Record Date.

#### **4.5 Voting by Trustee**

In connection with each Earny Meeting and Earny Consent, the Trustee shall exercise, either in person or by proxy, the Beneficiary Votes.

#### **4.6 Distribution of Written Materials**

Any written materials distributed by the Trustee to the Beneficiaries pursuant to this Agreement shall be sent by mail (or otherwise communicated in the same manner as Earny



utilizes in communications to holders of Earny Shares subject to applicable regulatory requirements and provided such manner of communications is reasonably available to the Trustee) to each Beneficiary at its address as shown on the current List. CRC shall provide or cause to be provided to the Trustee for purposes of communication, on a timely basis and without charge or other expense, a current List.

#### **4.7 Termination of Voting Rights**

All of the rights of a Beneficiary with respect to its Beneficiary Votes in respect of an Exchangeable Unit, shall be deemed to be surrendered by such Beneficiary, and such Beneficiary Votes and the Voting Rights represented thereby shall cease to exist immediately, upon the exchange of such Exchangeable Unit pursuant to Article VII of the A&R LLC Agreement or the dissolution of CRC pursuant to the A&R LLC Agreement or the California Revised Uniform Limited Liability Company Act, codified in the California Corporations Code.

### **ARTICLE 5 CONCERNING THE TRUSTEE**

#### **5.1 General Powers and Duties of the Trustee**

The rights, powers, duties and authorities of the Trustee under this Agreement, in its capacity as Trustee of the Trust, shall include:

- (a) receipt and deposit of the Special Voting Shares from Earny as Trustee for and on behalf of the Beneficiaries in accordance with the provisions of this Agreement;
- (b) distributing materials to Beneficiaries as provided in this Agreement;
- (c) voting the Beneficiary Votes in accordance with the provisions of this Agreement;
- (d) holding title to the Trust Estate;
- (e) taking action at the direction of a Beneficiary or Beneficiaries to enforce the obligations of Earny and CRC under this Agreement; and
- (f) taking such other actions and doing such other things as are specifically provided in this Agreement.

The Trustee shall also have the right to retain accountants, attorneys, agents and other advisors in connection with the performance of the Trustee's duties.

The Trustee shall be under no obligation to institute, conduct or defend any litigation, arbitration or other proceeding under this Agreement or otherwise or in relation to this Agreement (including, without limitation, in respect of any claim made relating to the Trust Estate or Earny).

The Trustee shall incur no liability if, by reason of any provision of any present or future law or regulation thereunder, or by any force majeure event, including but not limited to natural disaster, war or other circumstances of any sort whatsoever beyond its reasonable control, the Trustee shall be unable, prevented or forbidden from doing or performing any act or thing which the terms of this Agreement provide shall or may be done or performed, or by reason of any exercise of, or failure to exercise, any discretion provided for in this Agreement.

## **5.2 Standard of Care; Exculpation**

Neither the Trustee nor any professional, agent or representative of the Trustee shall be personally liable in connection with the affairs of the Trust to any person or entity except for such acts or omissions of the Trustee as shall constitute fraud, willful misconduct or gross negligence. The Trustee's duties shall be limited to those expressly set forth herein and the Trustee shall not be bound by or subject to any other agreement (including, but not limited to, the Transaction Agreement and the A&R LLC Agreement). Subject to the foregoing:

- (a) The Trustee shall be entitled to assume the validity and enforceability of all documents provided to it, and reasonably believed by it to be genuine and reasonably believed by it to be signed by the proper party or parties, without further inquiry.
- (b) The Trustee shall incur no liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper reasonably believed by it to be genuine and reasonably believed by it to be signed by the proper party or parties and need not investigate any fact or matter in any such document as long as the Trustee has otherwise satisfied its obligations under this Agreement.
- (c) The Trustee may consult with legal counsel and any action under this Agreement taken in good faith by it in accordance with the opinion of such counsel shall be binding and conclusive upon the parties hereto and the Trustee shall be fully protected and shall have no liability in respect thereof.
- (d) The permissive rights granted to the Trustee herein shall not be construed as duties.

## **5.3 Beneficiaries Bound**

Every Beneficiary shall be deemed conclusively for all purposes to have assented to all of the terms, conditions and provisions of this Agreement and shall be bound thereby with the same force and effect as if such Beneficiary had executed this Agreement.

#### **5.4 Fees and Expenses of the Trustee**

During the period of its service as the Trustee, the Trustee shall receive from Earny reasonable compensation as shall be agreed upon from time to time by the Trustee and Earny for all services rendered by the Trustee hereunder. The Trustee may incur and pay all reasonable and documented out-of-pocket expenses and obligations that the Trustee may deem necessary or proper in exercising the power and authority given to or vested in the Trustee by this Agreement. Earny will reimburse the Trustee for all reasonable and documented out-of-pocket expenses (including, but not limited to, fees paid to legal counsel and other experts and advisors and travel expenses).

#### **5.5 Indemnification of the Trustee**

Earny and CRC jointly and severally agree to indemnify the Trustee and the Trustee's successors, assigns and agents (the "**Indemnified Parties**") from and against, any and all liabilities, obligations, losses, damages, taxes, claims, actions and suits, penalties, and any and all reasonable out-of-pocket costs, expenses and disbursements (including reasonable legal fees and expenses) of any kind and nature whatsoever ("**Liabilities**") which may at any time be imposed on, incurred by, or asserted against the Trustee or any other Indemnified Party in any way relating to or arising out of this Agreement, the Trust Estate, the administration of the Trust or the action or inaction of the Trustee or any other Indemnified Party hereunder, except only that Earny and CRC shall not be liable for or required to indemnify any Indemnified Party from and against Liabilities arising or resulting from an Indemnified Party's gross negligence, fraud, or willful misconduct. The indemnities contained in this Section shall survive the resignation or termination of the Trustee and the termination of this Agreement. Notwithstanding any other provision of this Agreement, in no event shall the Trustee be liable for special, consequential, exemplary or indirect damages or for any loss of business or profits or loss of opportunity.

#### **5.6 Acceptance of Trust**

The Trustee hereby accepts the Trust created and provided for by and in this Agreement and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various Persons who shall from time to time be Beneficiaries, subject to all the terms and conditions herein set forth.

### **ARTICLE 6 CHANGE OF TRUSTEE**

#### **6.1 Resignation**

The Trustee, or any trustee hereafter appointed, may at any time resign by giving written notice of such resignation to Earny and CRC specifying the date on which it desires to resign, provided that such notice shall not be given less than thirty (30) days before such desired resignation date unless Earny and CRC otherwise agrees and provided further that such resignation shall not take effect until the date of the appointment of a successor trustee and the

acceptance of such appointment by the successor trustee. Subject to Section 6.3, upon receiving such notice of resignation, Earny and CRC shall promptly appoint a successor trustee, by written instrument in duplicate, one copy of which shall be delivered to the resigning trustee and one copy to the successor trustee. Failing the appointment and acceptance of a successor trustee, a successor trustee may be appointed by order of a court of competent jurisdiction upon application of one or more of the parties to this Agreement. If the resigning trustee is the party initiating an application for the appointment of a successor trustee by order of a court of competent jurisdiction, Earny and CRC shall be jointly and severally liable to reimburse the resigning trustee for the trustee's legal costs and expenses in connection with same.

## **6.2 Removal**

The Trustee, or any trustee hereafter appointed, may (provided a successor trustee is appointed unless Section 6.3 is applicable) be removed at any time, with or without cause, on not less than 30 days' prior notice by written instrument executed by Earny and CRC, in duplicate, one copy of which shall be delivered to the trustee so removed and one copy to the successor trustee. Subject to Section 6.3, if the Trustee dies or becomes Incapable, Earny and CRC shall, by written instrument, appoint another person or persons to be the Trustee in the place of the Trustee who has died or become Incapable, as soon as practicable but not more than ♦ days after the date of death or the date incapacity has been determined.

## **6.3 Resignation or Removal of an Initial Trustee**

The following provisions shall apply to the resignation, removal, death or incapacity of Mangold or Suarez, provided there would remain one Initial Trustee after such resignation or removal:

- (a) if the resigning Trustee is Mangold or Suarez and, the remaining Trustee may act on behalf of the Trust as if he were the only trustee;
- (b) if Mangold or Suarez is removed pursuant to Section 6.2, the remaining Trustee may act on behalf of the Trust as if he were the only trustee;
- (c) in the event of the death of Mangold or Suarez, the remaining Trustee may act on behalf of the Trust as if he were the only trustee, and
- (d) if Mangold or Suarez becomes Incapable, the remaining Trustee may act on behalf of the Trust as if he were the only trustee.

## **6.4 Successor Trustee**

Any successor trustee appointed as provided under this Agreement shall execute, acknowledge and deliver to Earny and CRC and to its predecessor trustee an instrument accepting such appointment. Thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor under

this Agreement, with the like effect as if originally named as trustee in this Agreement. The trustee ceasing to act shall, upon payment of any amounts then due to it pursuant to the provisions of this Agreement, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Earny, CRC and such predecessor trustee shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers.

#### **6.5 Notice of Successor Trustee**

Upon acceptance of appointment by a successor trustee as provided herein, Earny shall cause to be mailed notice of the succession of such trustee hereunder to each Beneficiary specified in a List. If Earny shall fail to cause such notice to be mailed within 10 days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of Earny.

### **ARTICLE 7 AMENDMENTS AND SUPPLEMENTAL TRUST AGREEMENTS**

#### **7.1 Amendments, Modifications, etc.**

Subject to Section 7.2 this Agreement may not be amended or modified except by an agreement in writing executed by Earny, CRC and the Trustee.

#### **7.2 Changes in Capital of Earny and CRC**

At all times after the occurrence of any event contemplated pursuant to Article VII of the A&R LLC Agreement or otherwise, as a result of which Earny Shares or the Exchangeable Units or both are in any way changed, this Agreement shall forthwith be amended and modified as necessary in order that it shall apply with full force and effect, mutatis mutandis, to all new securities into which Earny Shares or the Exchangeable Units or both are so changed and the parties hereto shall execute and deliver a supplemental trust agreement giving effect to and evidencing such necessary amendments and modifications.

### **ARTICLE 8 GENERAL**

#### **8.1 Term**

This Agreement and the Trust created hereby shall continue until the earliest to occur of the following events:

- (e) no outstanding Exchangeable Units are held by any Beneficiary; and
- (f) such date as Earny, CRC and the Trustee agree to terminate this Agreement.

## 8.2 Waivers

No waiver of any provision of this Agreement shall be binding on any party unless consented to in writing by such party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. The failure of any party at any time to insist upon strict performance of any condition, promise, agreement or understanding set forth in this Agreement shall not be construed as a waiver or relinquishment of the right to insist upon strict performance of the same or any other condition, promise, agreement or understanding at a future time.

## 8.3 Assignment

No party may assign any of its rights or benefits under this Agreement, or delegate any of its duties or obligations, except with the prior written consent of the other parties.

## 8.4 Successors and Assigns

This Agreement shall enure to the benefit of and shall be binding on and enforceable by and against the parties and their respective successors or heirs, executors, administrators and other legal personal representatives, and permitted assigns.

## 8.5 Notices

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by e-mail or similar means of recorded electronic communication or sent by registered mail, charges prepaid, addressed as follows:

- (i) if to Earny or CRC, at:

17865 Sky Park Cir. Ste H  
Irvine, California 92614  
Attention: Rene Suarez and Corey Mangold  
E-mail: rene@orchidessentials.com; corey@orchidessentials.com

- (ii) if to the Trustee, at:



or such other address as may be designated by notice given by any of the parties to the other parties in accordance with this Section 8.5. Each notice will be personally delivered to the addressee or sent by e-mail to the addressee and a notice which is personally delivered or sent by email will, if delivered or sent prior to 4:00 p.m. (local time of the recipient) on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the next Business Day.

## **8.6 Notice to Beneficiaries**

Any and all notices to be given and any documents to be sent to any Beneficiaries may be given or sent to the address of such Beneficiary shown on the most recent List delivered by CRC to the Trustee and in any manner permitted by the A&R LLC Agreement in respect of notices to unitholders and shall be deemed to be received (if given or sent in such manner) at the time specified in the A&R LLC Agreement, the provisions of which shall apply mutatis mutandis to notices or documents as aforesaid sent to such Beneficiaries.

## **8.7 Counterparts**

This Agreement and all documents contemplated by or delivered under or in connection with this Agreement may be executed and delivered in any number of counterparts, with the same effect as if all parties had signed and delivered the same document, and all counterparts shall be construed together to be an original and will constitute one and the same agreement.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed as of the date first above written.

### **EARNY RESOURCES LTD.**

by \_\_\_\_\_  
 Name: Navin Varshney  
 Title: CEO and Director

### **CR COMPANIES, LLC**

by \_\_\_\_\_  
 Name: Corey Mangold  
 Title: Manager

by \_\_\_\_\_  
 Name: Rene Suarez  
 Title: Manager

**SIGNED, SEALED AND DELIVERED** )  
by **COREY MANGOLD**, as trustee, )  
in the presence of: )

\_\_\_\_\_)  
Signature of Witness )

\_\_\_\_\_)  
Name )

\_\_\_\_\_)  
Address )

\_\_\_\_\_)  
Occupation )

\_\_\_\_\_  
Corey Mangold, as trustee

**SIGNED, SEALED AND DELIVERED** )  
by **RENE SUAREZ**, as trustee, )  
in the presence of: )

\_\_\_\_\_)  
Signature of Witness )

\_\_\_\_\_)  
Name )

\_\_\_\_\_)  
Address )

\_\_\_\_\_)  
Occupation )

\_\_\_\_\_  
Rene Suarez, as trustee



**SCHEDULE G**

**LIST OF CRC MEMBERS**