

## FOUNDER'S AGREEMENT

This agreement is made on <sup>24</sup>  March 2022

Between

- (1) Gabriel Theron, an individual with South African ID number 810330 5088 084 (referred to as the "Founder");
- (2) Cilo Cybin Holdings Limited, a public company incorporated as a limited company in accordance with the laws of the Republic of South Africa having registration number 2022/320351/06 and its registered address at Unit C1, The Point Office Park, 7 Sterling Street, Pretoria, (referred to as "Cilo Cybin" or the "Company")

### Recitals

- A. The Company has been incorporated by the Founder to facilitate the listing of the Company on the JSE as a Special Purpose Acquisition Company ("SPAC") as defined in paragraphs 4.33 to 4.40 of the JSE Listings Requirements.
- B. Paragraph 4.34(e) of the JSE Listings Requirements provides that:

“(e) the board of directors must have subscribed for shares or units in the applicant representing at least a 5% interest, on a collective basis, in the applicant on the date of listing. The subscription shares or units of the board of directors must be held in trust by the applicant’s attorneys or other party providing custodial services and must not be sold for a period of at least six months from the date the acquisition of Viable Assets have been completed by the applicant. The terms of the subscription by the board of directors and the terms of the custodial arrangements must be disclosed in the prospectus/pre-listing statement of the applicant; “
- C. The authorised share capital of the Company is 2 000 000 000 no par value ordinary shares.
- D. In compliance with Recital B above, the Company issued 100 000 000 no par value ordinary shares to the Founder for an aggregate amount of R10 000 (ten thousand Rand).
- E. The Company is in the process of listing on the JSE. To qualify for a listing on the JSE Main Board as a SPAC the Company will *inter alia* have to raise R500 million from investors in accordance with the JSE Listings Requirements. For an Alt<sup>X</sup> listing an amount of equal to or more than R50 million must be raised. It is the stated intention of the Company to raise at least R500 million and as much as possible to enable its future growth plans.
- F. The number of shares that will be held by the Founder and the Company’s directors in aggregate as provided in Paragraph B above must be at least 5% of the issued share capital on date of listing. 100 million no par value ordinary shares have been issued to the Founder which amounts to 5% of



the authorised share capital. The Founder's Initial Ordinary Shares will reduce depending on the number of shares placed with investors as part of the IPO.

- G. This Agreement is executed to regulate the relationship between the Founder and the Company in respect of the provisions of the JSE Listings Requirements stipulated above.

It is agreed as follows:

## 1. Interpretation

- 1.1 In this agreement and the Schedules, unless the contrary intention appears:
- 1.1.1 "**AFSA**" means the Arbitration Foundation of Southern Africa;
- 1.1.2 "**Agreement**" or "**the Agreement**" or "**this Agreement**" means the agreement contained in this document, including all annexures (if any) hereto;
- 1.1.3 "**Board**" means the board of directors of Cilo Cybin from time to time;
- 1.1.4 "**Companies Act**" means the Companies Act No. 71 of 2008 (as amended from time to time);
- 1.1.5 "**days**" shall be construed as calendar days unless qualified by the word "business", in which instance a "business day" will be any day other than a Saturday, Sunday or public holiday as gazetted by the government of the Republic of South Africa from time to time;
- 1.1.6 "**Escrow Agent**" the Escrow Agent appointed as envisaged in terms of paragraph 4.36 of the JSE Listings Requirements as appointed by the Company from time to time;
- 1.1.7 "**Escrow Account**" the account(s) opened to be administered by the Escrow Agent as provided for in paragraph 4.36 of the JSE Listings Requirements;
- 1.1.8 "**FIOS Repurchase Adjustment**" the repurchase, if any, of such number of Founder's Initial Ordinary Shares by the Company such that the total number of Founder's Initial Ordinary Shares in issue after the IPO equals 5% of the total number of Ordinary Shares (including Founder's Initial Ordinary Shares) then in issue, as set out in paragraph 3;
- 1.1.9 "**FIOS Subscription Price**" the subscription price per Founder's Initial Ordinary Share, which is equal to the Total FIOS Consideration divided by the number of Founder's Initial Ordinary Shares;
- 1.1.10 "**FIOS Total Consideration**" the aggregate subscription price paid by the Founder for the Founder's Initial Ordinary Shares, being R10 000 (ten thousand Rand);
- 1.1.11 "**Founder's Initial Ordinary Shares**" or "**FIOS Shares**" means 100 million no par value ordinary shares subscribed for by the Founder;
- 1.1.12 "**IPO**" the initial public offering of the Company's ordinary shares at R1 per Share so as to enable the listing of the Company as a SPAC on the JSE;

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- 1.1.13 "JSE" means the JSE Limited, a public company incorporated under the company laws of the Republic of South Africa under registration number 2005/022939/06 and licensed as an exchange under the Securities Services Act No. 36 of 2004 (as amended from time to time);
- 1.1.14 "JSE Listings Requirements" means the Listings Requirements of the JSE as amended, updated or superseded from time to time;
- 1.1.15 "laws" means all constitutions; statutes; regulations; by-laws; codes; ordinances; decrees; rules; judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings, or awards; policies; voluntary restraints; guidelines; directives; compliance notices; abatement notices; agreements with, requirements of or instructions by any Governmental Body; and the common law, and "law" shall have a similar meaning; and
- 1.1.16 "Parties" means the parties to this Agreement, whether as original signatories, or by reason of having acceded to it, and "Party" means, as the context requires, any one-off them;
- 1.1.17 "person" means any person, company, close corporation, trust, partnership or other entity whether or not having separate legal personality;
- 1.1.18 "Prospectus" the Cilo Cybin prospectus prepared in terms of the JSE Listings Requirements and the Companies Act for the listing of Cilo Cybin on the JSE;
- 1.1.19 "Share" means an ordinary share of no-par value in Cilo Cybin;
- 1.1.20 "Shares" means ordinary shares of no-par value in Cilo Cybin;
- 1.1.21 "Signature Date" means the date of signature of this Agreement by the Party last signing; and
- 1.1.22 "Viable Assets" means the acquisition of assets by the Company that will on its own enable the SPAC to qualify for a listing pursuant to the listings criteria of the JSE Main Board or Alt<sup>x</sup>.
- 1.2 In this agreement and the Schedules unless the context otherwise requires:
- 1.2.1 Words denoting any one gender include all other genders and words denoting the singular shall include the plural and vice versa.
- 1.2.2 A reference to:
- (a) a "clause" or a "Schedule" is a reference to a clause of, or a Schedule to, this Agreement;
  - (b) a person includes a reference to a body corporate, an unincorporated association or a partnership and that person's legal and personal representatives and successors; and
  - (c) any statutory provision includes a reference to the statutory provision as modified or re-enacted or both from time to time (whether before or after the date of this agreement).

A handwritten signature in black ink, appearing to be 'DM' followed by a large, stylized flourish.

- 1.3 When any payment falls due or any other obligation falls to be performed on a Saturday, Sunday or a day on which banks are not open for the transaction of normal business in the Republic of South Africa, then such payment shall be made, or such obligation performed, on the next succeeding day on which banks are open for the transaction of normal business in the Republic of South Africa.
- 1.4 Headings are for ease of reference only and shall not affect the interpretation of this agreement.
2. **The issuance of the Founder's Initial Ordinary Shares**
- The Company issued 100 000 000 no par value ordinary shares to the Founder for the FIOS Total Consideration.
3. **FIOS Repurchase Adjustment**
- 3.1 Par 4.34 (e) of the JSE Listings Requirements, as reflected in Recital B of this Agreement, provides that the Company's board of directors should hold at least a 5% interest in the Shares of the Company on date of listing on the JSE.
- 3.2 The Founder's Initial Ordinary Shares will be adjusted downward depending on the number of Shares placed in terms of the IPO.
- 3.3 If less than 1.9 million Shares are issued in terms of the IPO then such a pro rata portion of the Founder's Initial Ordinary Shares will be bought back for the FIOS Subscription Price per share. For example,
- 3.3.1 if 500 million Shares are issued in terms of the IPO then 73 684 210 of the 100 million FIOS Shares will be bought back by the Company for R7 368.42, in aggregate, and the shares bought back will be cancelled. After the FIOS Repurchase Adjustment, the total issued shares in the Company will be 526 315 790 and the Founder's Initial Ordinary Shares after the FIOS Repurchase Adjustment will be 5% of the total issued shares namely 26 315 790.
- 3.3.2 if 50 million Shares are issued in terms of the IPO then 97 368 421 of the 100 million FIOS Shares will be bought back by the Company for R9 736.84 in aggregate and the shares bought back will be cancelled. After the FIOS Repurchase Adjustment, the total issued shares in the Company will be 52 631 579 and the Founder's Initial Ordinary Shares after the FIOS Repurchase Adjustment will be 5% of the total issued shares namely 2 631 579.
4. **Custody arrangements**
- 4.1 Par 4.34 (e) of the JSE Listings Requirements, as reflected in Recital B of this Agreement, provides that the Founder's Initial Ordinary Shares must be held in trust by the Company's attorneys or auditors from time to time or any other party providing custodial services and must not be sold for a period of at least six months from the date the acquisition of Viable Assets have been completed by the applicant.
- 4.2 The Founder's Initial Ordinary Shares will be held in custody by the attorney or auditor as envisaged in par 4.34 (e) of the JSE Listings Requirements for a period that is the greater of:



- 4.2.1 a period of at least six months from the date the acquisition of Viable Assets has been completed by the applicant; or
- 4.2.2 36 months from the date of the Company listing on the JSE as a SPAC.
- 4.3 The provision of paragraph 4.2.2 will lapse if the Company receives a take-over offer that is accepted by the majority of the company's shareholders.
- 4.4 the Custodian shall have no right, title or interest in respect of the Founder's Initial Ordinary Shares, including voting rights and the right to dividends and distributions, which rights shall remain with the Founder.

5. **Undertakings**

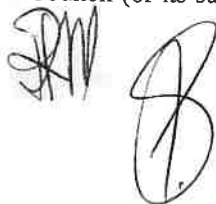
Each of the Parties agrees to perform all further acts and things as the other Parties may reasonably require in implementing and giving effect to the provisions of this Agreement and for the purposes of vesting in the parties the full rights and benefits to be vested in the Parties under this agreement.

6. **Breach**

- 6.1 Without detracting from the rights of Parties in terms of clause 7, if a Party ("**Defaulting Party**") commits any breach of this Agreement and fails to remedy such breach within 20 (twenty) days ("**Notice Period**") of written notice requiring the breach to be remedied, then the Party giving the notice ("**Aggrieved Party**") will be entitled, at its option to claim immediate specific performance of all or any of the Defaulting Party's obligations under this Agreement, with or without claiming damages, whether or not such obligation has fallen due for performance and to require the Defaulting Party to provide security to the satisfaction of the Aggrieved Party for the Defaulting Party's obligations. None of the Parties will have the right to cancel this Agreement as a result of a breach thereof.
- 6.2 The Parties agree that any costs awarded will be recoverable on an attorney-and-own-client scale unless the Court specifically determines that such scale shall not apply, in which event the costs will be recoverable in accordance with the High Court tariff, determined on an attorney-and-client scale.

7. **Dispute Resolution**

- 7.1 In the event of there being any dispute or difference between the Parties arising out of this Agreement, the said dispute or difference shall on written demand by any Party be submitted to arbitration in Gauteng in accordance with the AFSA rules, which arbitration shall be administered by AFSA.
- 7.2 Should AFSA, as an institution, not be operating at that time or not be accepting requests for arbitration for any reason, then the arbitration shall be conducted in accordance with the AFSA rules for commercial arbitration (as last applied by AFSA) before an arbitrator appointed by agreement between the parties to the dispute or failing agreement within 10 (ten) business days of the demand for arbitration, then any party to the dispute shall be entitled to forthwith call upon the chairperson of the Gauteng Bar Council (or its successor body) to nominate the arbitrator,



provided that the person so nominated shall be a senior advocate of not less than 10 (ten) years standing as such. The person so nominated shall be the duly appointed arbitrator in respect of the dispute. In the event of the parties to the dispute failing to agree on any matter relating to the administration of the arbitration, such matter shall be referred to and decided by the arbitrator whose decision shall be final and binding on the parties to the dispute.

- 7.3 Nothing herein contained shall be deemed to prevent or prohibit a party to the arbitration from applying to the appropriate court for urgent relief or for judgment in relation to a liquidated claim.
- 7.4 Any arbitration in terms of this clause 7 shall be conducted *in camera* and the Parties shall treat as confidential details of the dispute submitted to arbitration, the conduct of the arbitration proceedings and the outcome of the arbitration.
- 7.5 This clause 7 will continue to be binding on the Parties notwithstanding any termination or cancellation of the Agreement.
- 7.6 The Parties agree that the written demand by a party to the dispute in terms of clause 7.1 that the dispute or difference be submitted to arbitration, is to be deemed to be a legal process for the purpose of interrupting extinctive prescription in terms of the Prescription Act, No 68 of 1969.

## 8. General

- 8.1 This agreement and the documents referred to in it contain the whole agreement between the parties relating to the transaction (being the subscription for Shares) contemplated by this agreement and supersede all previous agreements between the parties in relation to these transactions.
- 8.2 No variation or agreed termination of this agreement shall be of any force or effect unless in writing and signed by each party.
- 8.3 The failure to exercise or any delay in exercising any right or remedy under this agreement shall not constitute a waiver of that right or remedy or a waiver of any other right or remedy and no single or partial exercise of any right or remedy under this agreement shall prevent any further exercise of that right or remedy or the exercise of any other right or remedy.
- 8.4 This agreement shall be personal to the parties and save where specified otherwise no party shall be entitled to assign its rights or obligations under this agreement to any person without the prior written consent of the other parties.

## 9. Notices

- 9.1 Any notice or other communication under or in connection with this agreement shall be in writing and shall be delivered personally or by commercial courier to each party due to receive the notice or communication at its address set out below and also e-mailed to the designated e-mail address listed below:-

### 9.1.1 Gabriel Theron:

Physical address: 7 Sterling Street, The Point Office Park, Unit C1, Samrand, 0157



E-mail address: gabriel@cilocybin.com

9.1.2 **Cilo Cybin Holdings Limited:**

Physical address: 7 Sterling Street, The Point Office Park, Unit C1, Samrand,0157

E-mail address: lmabece@bulumkoclac.co.za

or at such other address as the relevant party may specify by notice in writing to the other parties from time to time.

- 9.2 Any notice or other communication shall be deemed to have been duly given if delivered personally when left at the address referred to in the immediately preceding clause, or if delivered by commercial courier on the date of signature of the courier's receipt.

10. **Governing Law**

- 10.1 The construction, validity and performance of this agreement shall be governed and construed in all respects by the laws of the Republic of South Africa.

- 10.2 Each of the parties irrevocably agrees and submits to the non-exclusive jurisdiction of the courts of the Republic of South Africa to hear and determine any suit, action or proceeding which may arise out of or in connection with this agreement.

11. **Counterparts**

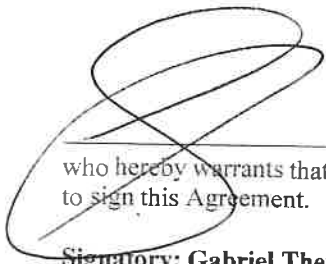
This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original, but the counterparts together shall constitute one and the same instrument.

**This agreement** has been entered into on the date stated at the beginning of this document.

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SIGNED at Pretoria on 24 March 2022.

For **Gabriel Theron**

  
who hereby warrants that he or she is duly authorised to sign this Agreement.

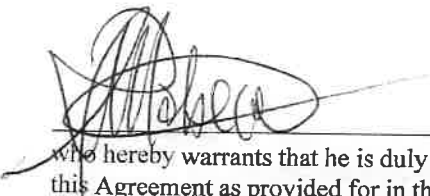
**Signatory: Gabriel Theron**

Capacity: Personal

Authority: Personal

SIGNED at PRETORIA on 24 MARCH 2022.

For **Cilo Cybin Holdings Limited**

  
who hereby warrants that he is duly authorised to sign this Agreement as provided for in the Company board resolution attached hereto as Annexure A

**Signatory: Mr Lungile Mabece**

Capacity: Non-executive director

Authority: Attached board resolution