

Preferred Distributor Agreement

This Preferred Distributor Agreement, dated as of October 14, 2019 (this "**Agreement**"), is entered into between Champignon Brands Inc., a British Columbia Corporation ("**Supplier**"), and Eurolife Brands Inc., a British Columbia Corporation (the "**Preferred Distributor**", and together with Supplier, the "**Parties**", and each, a "**Party**").

WHEREAS, Supplier is in the business of selling mushroom extract teas under the brand Vitality SuperTeas (the "**Goods**");

WHEREAS, Preferred Distributor wishes to receive and purchase certain quantities of Goods from Supplier for the purpose of sale to third parties via the Preferred Distributor's e-commerce marketplace along with select bricks and mortar retail storefront locations (the "**Supplied Goods**"); and

WHEREAS, Supplier is willing to deliver and sell the Goods under the terms and conditions set forth herein.

WHEREAS, Supplier is willing to grant Preferred Distributor exclusive distribution rights of the Goods with the territories of Germany, Switzerland and the UK (the "**Territories**") to market and sell the Goods under the terms and conditions set forth herein. Additionally, the Preferred Distributor shall be granted non-exclusive distribution rights to the Goods in Canada, and the EU at the Parties mutual discretion.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Supply of Goods.

1.1 Supply for Sale. Supplier shall deliver to Preferred Distributor the Goods for the purpose of sale to Preferred Distributor customers (the "**Customers**"). Supplier shall deliver the Goods to Preferred Distributor's facility located at 1187 St. Clair Avenue, Toronto Ontario (the "**Facility**") or such other destination as mutually determined by the Parties. All delivery and supply of the Goods will be on a freight on board ("**FOB**") and net-30 payment term basis, in accordance with the provisions hereof.

1.2 Supply Requests and Confirmations. Following receipt of a purchase order request submitted by Preferred Distributor pursuant to this Agreement, Supplier shall issue to Preferred Distributor a confirmation of purchase (each, a "**Purchase Confirmation**"), which shall set forth specific terms of the purchase order, including the quantity and purchase price of the Goods.

1.3 Terms of Agreement Prevail Over Preferred Distributor's Supply Request. The terms of this Agreement prevail over any terms or conditions of Preferred Distributor contained in any other documentation and expressly exclude any of Preferred Distributor's general terms and conditions contained in any purchase order or other document issued by Preferred Distributor (each, a "**Supply Request**"), regardless of whether or when Preferred Distributor has submitted its Supply Request or such terms. Fulfilment of Preferred Distributor's Supply Request does not constitute acceptance of any of Preferred Distributor's

terms and conditions and does not serve to modify or amend any Purchase Confirmation or this Agreement. In the event of any conflict between the terms of this Agreement and the terms of any Supply Request, the terms of this Agreement prevail. In the event of any conflict between the terms of this Agreement and any Purchase Confirmation, the terms of this Agreement prevail.

1.4 Inspection by Preferred Distributor.

(a) Preferred Distributor shall receive all Goods delivered to the Facility and shall inspect same immediately upon such delivery. Preferred Distributor agrees to accept the bill of lading, express receipt or similar delivery document as conclusive evidence of quantity, condition and quality of the Goods, unless Preferred Distributor advises immediately in writing of any discrepancy with the quantity, condition or quality (the "**Non-Conforming Goods**") and issues a detailed notice on or before the second business day after delivery regarding such discrepancy.

(b) Any Non-Conforming Goods may be returned by Preferred Distributor to Supplier at Supplier's cost, *provided that* Preferred Distributor notifies Supplier in writing at least 10 days before such return.

1.5 Storage of Goods at the Facility.

(a) Preferred Distributor shall store all Goods in the Facility in such a manner as to protect them from damage or deterioration. Preferred Distributor shall store the Goods in areas of the Facility segregated from all other goods and property located at the Facility (the "**Segregated Area**").

(b) to inspect the Facility during business hours upon 2 days prior notice.

2. Title and Risk of Loss.

2.1 Title Retained by Supplier. Supplier shall retain title to the Goods unless and until they are delivered to the Preferred Distributor's Facility. When Supplier delivers the Goods to Preferred Distributor, title to the Goods shall pass from Supplier to Preferred Distributor.

2.2 Risk of Loss Passes Upon Delivery.

(a) Supplier assumes the risk of loss, theft or damage to the Goods until the Goods are delivered at the Facility. Supplier promises to replace or repair any Goods that are lost, stolen or damaged before they are delivered at the Facility.

(b) Preferred Distributor assumes the risk of loss, theft or damage to the Goods upon delivery of the Goods at the Facility.

3. Price. Preferred Distributor shall purchase the Goods from Supplier at the prices set forth in Supplier's price list as depicted in Schedule A.

4. Payment.

4.1 Payment Terms. No later than thirty (30) days after the date of each Purchase Order, Preferred Distributor shall pay to Supplier the amount appearing on the Purchase Order by wire transfer of immediately available funds to an account designated by Supplier.

4.2 Credit Risk on Sale to Customers. Preferred Distributor is responsible for all credit risks regarding, and for collecting payment for, all Goods sold by Preferred Distributor to each Customer, whether or not Preferred Distributor receives full payment from the Customer.

5. Preferred Distributor 's Responsibilities.

5.1 Preferred Distributor shall:

- (a) segregate all Goods from other goods; and
- (b) secure and protect the Goods stored in the Facility from loss or damage using the same degree of care that Supplier uses to protect its own products and stock, but in no event less than a commercially reasonable degree of care.

6. No Authority to Act for Supplier. Preferred Distributor shall conduct all of its business relating to the processing of the Goods in Preferred Distributor's name and at Preferred Distributor's cost and expense, and nothing herein shall authorize or empower Preferred Distributor's to assume or create any obligation or responsibility whatsoever, express or implied, on behalf or in the name of Supplier, or to bind Supplier in any manner, or to make any representation, warranty, or commitment on behalf of Supplier.

7. Exclusive Distribution Territories. Supplier will grant the Preferred Distributor exclusive distribution rights of the Goods in the Territories for a period of twenty four (24) months and shall automatically renew for successive six month periods, unless either Party has given the other Party written notice of its intention not to renew this Agreement at least fifteen (15) days before the end of the initial or any subsequent renewal period.

8. Minimum Order Quantities. Preferred Distributor must maintain minimum order ("MOQ") quantities with the Supplier of one hundred and forty-four (144) cases of the Goods per year throughout the term. Supplier may waive MOQ at its sole discretion.

9. Term; Termination.

9.1 Term. Unless earlier terminated under Section 9.2, this Agreement shall have an initial term of twenty four (24) months commencing on October 14, 2019 and shall automatically renew for successive six month periods, unless either Party has given the other Party written notice of its intention not to renew this Agreement at least fifteen (15) days before the end of the initial or any subsequent renewal period.

9.2 Termination. Supplier may (i) terminate this Agreement upon written notice to Preferred Distributor or (ii) delay or cancel any shipment under this Agreement:

(a) if Preferred Distributor breaches any provision of this Agreement (including its payment obligations under Section 4) and such breach is not cured by Preferred Distributor within 10 days after Preferred Distributor's receipt of written notice of such breach; or

(b) if Preferred Distributor fails to pay its debts generally as they become due or otherwise acknowledges its insolvency.

10. Representations and Warranties.

10.1 Preferred Distributor's Representations and Warranties. Preferred Distributor represents and warrants to Supplier that:

(a) it is a corporation duly incorporated and validly existing in the jurisdiction of its incorporation;

(b) it is duly licensed or registered to carry on business in every jurisdiction in which such license or registration is required for purposes of this Agreement, except where the failure to be so licensed or registered, in the aggregate, would not reasonably be expected to adversely affect its ability to perform its obligations under this Agreement;

(c) it has the right, power and capacity to enter into this Agreement, to grant the rights and licenses granted under this Agreement and to perform its obligations under this Agreement;

(d) the execution of this Agreement by its representative whose signature is set forth at the end hereof has been duly authorized by all necessary corporate action of the Preferred Distributor;

(e) when executed and delivered by both Parties, this Agreement will constitute a legal, valid and binding obligation of Preferred Distributor, enforceable against Preferred Distributor in accordance with its terms;

(f) it is in compliance with all applicable laws relating to this Agreement, the Goods and the operation of its business;

(g) it is not insolvent and is paying all of its debts as they become due;

(h) all financial information that it has provided to Supplier is true and accurate and fairly represents Preferred Distributor's financial condition; and

10.2 Limited Product Warranty. Subject to the provisions of Section 10.3, Section 10.4 and Section 10.5 and only for a period of 60 days from the date of sale by Preferred Distributor of the Goods to a Customer (the "**Warranty Period**"), Supplier makes certain limited warranties regarding the Goods ("**Limited Warranties**"), solely to and for the benefit of Customers, which will either be:

- (a) Included in a written warranty statement with the Good; or
- (b) Supplier's standard limited warranty in force when the Good is delivered by Preferred Distributor to a Customer, as set out in the written warranty statement on Supplier's website: vitalitysuperteas.com.

For avoidance of doubt, no warranty is extended to Preferred Distributor under this Agreement. Preferred Distributor shall not provide any warranty regarding any Goods other than the Limited Warranties described in this Section 10.2.

10.3 Warranty Limitations. The Limited Warranties do not apply where the Goods have been:

- (a) subjected to abuse, misuse, neglect, negligence, accident, improper testing, improper installation, improper storage, improper handling, abnormal physical stress, abnormal environmental conditions or use contrary to any instructions issued by Supplier;
- (b) reconstructed, repaired or altered by anyone other than Supplier or its authorized representative; or
- (c) used with any third party products that has not been previously approved in writing by Supplier.

10.4 Extent of Liability. During the Warranty Period, regarding any Goods that do not conform to the Limited Warranties in Section 10.2 (including, for the avoidance of doubt, any Non-Conforming Goods accepted by the Preferred Supplier) (the "**Defective Goods**"):

- (a) notwithstanding anything in this Agreement to the contrary, Supplier's liability under any Limited Warranty is discharged, in Supplier's sole discretion and at its expense, by:
 - (i) repairing or replacing such Defective Goods; or
 - (ii) crediting or refunding the Price of such Defective Goods, less any applicable discounts, rebates or credits.

All claims for breach of a Limited Warranty must be received by Supplier no later than 30 days after expiration of the Warranty Period.

SECTION 10.2, AND SECTION 10.4 SET FORTH PREFERRED DISTRIBUTOR'S SOLE REMEDY AND SUPPLIER'S ENTIRE LIABILITY FOR ANY BREACH OF ANY WARRANTY RELATING TO THE GOODS.

Except as explicitly authorized in this Agreement or in a separate written agreement with Supplier, Preferred Distributor shall not service, repair, modify, alter, replace, reverse engineer or otherwise change the Goods sold to Customers.

10.5 Conditions and Warranties Disclaimer: Non-Reliance. EXCEPT FOR THE LIMITED EXPRESS WARRANTIES DESCRIBED IN SECTION 10.2, (A) NEITHER SUPPLIER NOR ANY PERSON ON SUPPLIER'S BEHALF HAS MADE OR MAKES ANY EXPRESS OR IMPLIED REPRESENTATION, CONDITION OR WARRANTY WHATSOEVER, INCLUDING ANY CONDITIONS OR WARRANTIES OF (I) MERCHANTABILITY; OR (II) FITNESS FOR A PARTICULAR PURPOSE; OR (III) NON-INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS OF A THIRD PARTY, WHETHER ARISING BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE OR OTHERWISE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED, AND (B) PREFERRED DISTRIBUTOR ACKNOWLEDGES THAT IT HAS NOT RELIED ON ANY REPRESENTATION, CONDITION OR WARRANTY MADE BY SUPPLIER, OR ANY OTHER PERSON ON SUPPLIER'S BEHALF, EXCEPT AS SPECIFICALLY DESCRIBED IN SECTION 10.2.

11. Limitation of Liability.

11.1 No Liability for Consequential or Indirect Damages. EXCEPT FOR OBLIGATIONS TO MAKE PAYMENT UNDER THIS AGREEMENT, IN NO EVENT IS EITHER PARTY OR THEIR REPRESENTATIVES LIABLE FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR AGGRAVATED DAMAGES, LOST PROFITS OR REVENUES OR DIMINUTION IN VALUE, ARISING OUT OF OR RELATING TO ANY BREACH OF THIS AGREEMENT, REGARDLESS OF (A) WHETHER THE DAMAGES WERE FORESEEABLE, (B) WHETHER OR NOT SUPPLIER WAS ADVISED OF THE POSSIBILITY OF THE DAMAGES AND (C) THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT OR OTHERWISE) ON WHICH THE CLAIM IS BASED, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.

11.2 Maximum Liability for Damages. EXCEPT FOR OBLIGATIONS TO MAKE PAYMENT UNDER THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, EXCEED 150% OF THE TOTAL AMOUNT PAID OR PAYABLE TO SUPPLIER UNDER THIS AGREEMENT IN THE 3 YEAR PERIOD PRECEDING THE EVENT GIVING RISE TO THE CLAIM OR \$100,000, WHICHEVER IS LESS. THE FOREGOING LIMITATIONS APPLY EVEN IF THE NON-BREACHING PARTY'S REMEDIES UNDER THIS AGREEMENT FAIL OF THEIR ESSENTIAL PURPOSE.

12. Miscellaneous.

12.1 Further Assurances. Upon a Party's reasonable request, the other Party shall, at its sole cost and expense, execute and deliver all such further documents and instruments, and take all such further acts, as reasonably necessary to give full effect to this Agreement.

12.2 Entire Agreement.

(a) Subject to Section 1.3, this Agreement, including all related exhibits, together with any applicable Supply Request, constitutes the sole and entire agreement of the Parties regarding the subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings, agreements, representations, conditions and warranties, both written and oral, regarding such subject matter.

(b) Without limiting anything contained in Section 12.2(a), each Party acknowledges that except for the representations and warranties contained in Section **Error! Reference source not found.** and Section 10.1, neither Party has relied on any other express or implied representation, condition or warranty, either written or oral, on behalf of the other Party, including any representation, condition or warranty arising from statute or otherwise in law.

12.3 Survival; Contractual Limitations Period. Subject to the limitations and other provisions of this Agreement: (a) the representations, conditions and warranties of the Parties contained herein shall survive the expiration or earlier termination of this Agreement for a period of 12 months after such expiration or termination; and (b) any other provision that, in order to give proper effect to its intent, should survive such expiration or termination, shall survive the expiration or earlier termination of this Agreement for the period specified therein, or if nothing is specified for a period of 12 months after such expiration or termination. All other provisions of this Agreement shall not survive the expiration or earlier termination of this Agreement. Notwithstanding any right under any applicable statute of limitations to bring a claim, no Action based on or arising in any way out of this Agreement may be brought by either Party after the expiration of the applicable survival or other period set forth in this Section 12.3, and the Parties waive the right to file any such Action after the expiration of the applicable survival or other period; *provided however that* the foregoing waiver and limitation does not apply to the collection of any amounts due to Supplier under this Agreement.

12.4 Notices. All notices, requests, consents, claims, demands, waivers and other communications under this Agreement (each, a "**Notice**") must be in writing and addressed to the other Party at its address set forth below (or to such other address that the receiving Party may designate from time to time in accordance with this Section 12.4). All Notices must be delivered by personal delivery, nationally recognized overnight courier or certified or registered mail (in each case, return receipt requested, postage prepaid). Notice given by facsimile or e-mail (with confirmation of transmission) Except as otherwise provided in this Agreement, a Notice is effective only (a) on receipt by the receiving Party, and (b) if the notifying Party has complied with the requirements of this Section 12.4.

Notice to Supplier: c/o Northwest Law Group 704-595 Howe Street, Vancouver BC
Facsimile: 604 687-6650
Email: contact@stockslaw.com

Attention: Gareth Birdsall c/o Northwest Law Group

Notice to Preferred Distributor: 804 - 750 West Pender Street Vancouver, BC V6C 2T7

Facsimile: 800 489-0116

Email: info@eurolifebrands.com

Attention: Shawn Moniz

12.5 Interpretation. For purposes of this Agreement: (a) the words "include", "includes" and "including" are deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; (c) the words "herein", "hereof," "hereby", "hereto" and "hereunder" refer to this Agreement as a whole; (d) words denoting the singular have a comparable meaning when used in the plural, and vice-versa; and (e) words denoting any gender include all genders. Unless the context otherwise requires, references in this Agreement: (x) to sections, exhibits, schedules, attachments and appendices mean the sections of, and exhibits, schedules, attachments and appendices attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. The Parties drafted this Agreement without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted. The exhibits, schedules, attachments and appendices referred to herein are an integral part of this Agreement to the same extent as if they were set forth verbatim herein. Unless otherwise stated in this Agreement, all dollar amounts referred to in this Agreement are stated in Canadian currency.

12.6 Headings. The headings in this Agreement are for reference only and do not affect the interpretation of this Agreement.

12.7 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

12.8 Amendment and Modification. No amendment to or modification of this Agreement is effective unless it is in writing.

12.9 Waiver.

- (a) No waiver under this Agreement is effective unless it is in writing.
- (b) Any waiver authorized on one occasion is effective only in that instance and only for the purpose stated, and does not operate as a waiver on any future occasion.
- (c) None of the following constitutes a waiver or estoppel of any right, remedy, power, privilege or condition arising from this Agreement:
 - (i) any failure or delay in exercising any right, remedy, power or privilege or in enforcing any condition under this Agreement; or
 - (ii) any act, omission or course of dealing between the Parties.

12.10 Cumulative Remedies. All rights and remedies provided in this Agreement are cumulative and not exclusive, and the exercise by either Party of any right or remedy does not preclude the exercise of any other rights or remedies that may now or subsequently be available at law, in equity, by statute, in any other agreement between the Parties or otherwise. Notwithstanding the previous sentence, the Parties intend that Preferred Distributor's rights under Section 1.4, Section 10.2 and Section 10.4 are Preferred Distributor's exclusive remedies for the events specified therein.

12.11 Assignment. Preferred Distributor shall not assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of Supplier. Any purported assignment or delegation in violation of this Section 12.11 is null and void. No permitted assignment or delegation relieves Preferred Distributor of any of its obligations under this Agreement. Supplier may assign any of its rights or delegate any of its obligations to any affiliate or to any person acquiring all or substantially all of Supplier's assets without the consent of Preferred Distributor.

12.12 Successors and Assigns. This Agreement is binding on and enures to the benefit of the Parties to this Agreement and their respective permitted successors and permitted assigns.

12.13 No Third-Party Beneficiaries.

- (a) This Agreement benefits solely the Parties to this Agreement and their respective permitted successors and permitted assigns, and nothing in this Agreement, express or implied, confers on any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

12.14 Choice of Law. All matters arising out of or relating to this Agreement are governed by and construed in accordance with the laws of British Columbia and the federal laws of Canada applicable therein.

12.15 Language. The parties have required that this Agreement and all documents and notices resulting from it be drawn up in English. Les parties aux présents ont exigés que la

présente convention ainsi que tous les documents et avis qui s'y rattachent ou qui en découleront soient rédigés en anglais.

12.16 Counterparts. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement, if the party sending the facsimile, email or other means of electronic transmission has received express confirmation that the recipient party received the Agreement (not merely an electronic facsimile confirmation or automatic e-mail reply).

12.17 Force Majeure. No Party shall be liable or responsible to the other Party, nor be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement (except for any obligations to make payments to the other Party under this Agreement), when and to the extent the failure or delay is caused by or results from acts beyond the impacted Party's (the "**Impacted Party**") reasonable control, including the following *force majeure* events (each, a "**Force Majeure Event**"): (a) acts of God; (b) flood, fire, earthquake, tsunami or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (d) requirements of applicable law; (e) actions, embargoes or blockades in effect on or after the date of this Agreement; (f) action by any governmental authority; (g) national or regional emergency; (h) strikes, labour stoppages or slowdowns or other industrial disturbance; and (i) shortage of adequate power or transportation facilities.

12.18 No Public Announcements. Preferred Distributor shall not make any statement (whether oral or in writing) in any press release, external advertising, marketing or promotion materials regarding Supplier or its business unless: (a) it has received the express written consent of Supplier; or (b) it is required to do so by law or under the rules of any stock exchange to which it is subject. When Preferred Distributor determines that it is obligated by law or the rules of a stock exchange to make such a disclosure, it shall notify Supplier before such disclosure, and the Parties shall cooperate to cause a mutually agreeable release or announcement to be issued.

[SIGNATURE PAGE FOLLOWS]

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

Champignon Brands Inc.



Name:

Title:

Eurolife Brands Inc.

By:

Name: Shawn Moniz

Title: CEO

Schedule A

	Retail Price Per Box	Distributor Price Per Box	Distributor Price Per Case (30 boxes)
Brain Enhance Supertea	\$19.99	\$9.05	\$238.50 (\$7.95/box)
Nourish Force Supertea	\$19.99	\$9.05	\$238.50 (\$7.95/box)
Mighty Recharge Supertea	\$19.99	\$9.05	\$238.50 (\$7.95/box)
Deluxe Tea Box Set	\$79.99	\$44.48	N/A