



SCHEDULE "A"

SUMMARY OF KEY PROPOSED TERMS

Circle Craft Co-Operative of British Columbia ("**Circle Craft**") is proposing to enter into a license agreement with a third party, Signatures Shows Ltd. ("**Licensee**") pursuant to which, among other things, Circle Craft will assign to the Licensee the operation of our Christmas Market at the Vancouver Convention Centre ("**Christmas Market**").

The proposed general terms and conditions of the license agreement ("**License Agreement**") are as follows:

1. Circle Craft will assign the operation of the Christmas Market to the Licensee for the term of the License Agreement. The Licensee will commit to produce the Christmas Market annually, beginning in November, 2021, with a minimum of 275 participating vendors.
2. The term of the License Agreement will be 7 years with an automatic renewal for an additional 7 years provided the annual gross sales of the New Craft Markets in 2027 exceeds \$500,000.
3. The Licensee will produce additional craft markets in British Columbia on behalf of Circle Craft (the "**New Craft Markets**") and will aim to produce 3 New Craft Markets within 5 years of the date of the License Agreement. The goal is to produce a New Craft Market in each of Greater Vancouver, Vancouver Island, and the British Columbia Interior in the next 5 years.
4. The Licensee will pay Circle Craft:
 - a) an annual royalty of \$150,000 plus 5% of gross sales of the Christmas Market for the duration of the License Agreement;
 - b) for 2021, the \$150,000 fixed royalty component will be paid upon signing of the definitive License Agreement;
 - c) for subsequent years, the \$150,000 will be paid on January 1st;
 - d) a deposit of a \$125,000 performance bond to be held in trust; and
 - e) upon execution of a definitive License Agreement, a one-time royalty fee of \$50,000 plus, beginning in year 3, an annual royalty of 10% of gross sales of each New Craft Market for the duration of the License Agreement.
5. Circle Craft will obtain all necessary approvals to enter the proposed License Agreement, including Circle Craft board and member approval, by **August 31, 2020**.
6. Circle Craft will deliver a definitive License Agreement to the Licensee by no earlier than 10 business days following the receipt of written confirmation from the Licensee of the completion



of its due diligence. If Circle Craft and the Licensee do not execute a License Agreement within 15 business days following delivery of the first draft of the definitive License Agreement, unless extended by both parties, the Licensee shall reimburse Circle Craft a sum of 50% of the legal fees incurred by Circle Craft with respect to preparing the definitive License Agreement to a maximum of \$1,500. Circle Craft has retained Clark Wilson LLP in the matter of the proposed Licensing Agreement.

7. The Licensee and its affiliates agree not to produce any craft markets, other than the Christmas Market, the New Craft Markets and any acquisitions (the “**Acquisitions**”) by the Licensee of existing craft events in British Columbia for the term of the License Agreement. Circle Craft agrees that any Acquisitions by the Licensee will be for the sole financial benefit of the Licensee and the Licensee agree to brand any Acquisitions under the “Circle Craft” name.
8. Participating vendors in the Christmas Market who are members of Circle Craft in good standing will continue to receive automatic acceptance to the market at preferred vendor terms.
9. The Licensee will offer employment to at least one of Circle Craft’s existing show producers for a minimum duration of one year on terms no less favorable than the individual’s prevailing compensation package.
10. The Licensee will appoint one member of the Board of Directors of Circle Craft to the vendor jury of the Christmas Market and New Craft Markets with veto rights on new vendor admissions.