

THIS AGREEMENT made as of the 12th day of September, 2024

B E T W E E N :

HOBBS & CO. WINE MERCHANTS INC dba. PERIGON BEVERAGE GROUP
a corporation incorporated pursuant to the laws of Ontario
("Perigon")

- AND -

BOLDWORKS CORPORATION
a corporation incorporated pursuant to the laws of Ontario
("Boldworks")

- AND -

THE MERCHANT VINTNER INC.
a corporation incorporated pursuant to the laws of Ontario
(the "Merchant Vintner" and, with Hobbs and Boldworks, collectively the "Vendor")

- AND -

DIAMOND ESTATES WINES & SPIRITS INC.
a corporation incorporated pursuant to the laws of Ontario
(the "Purchaser")

WHEREAS Perigon owns and operates the sales agency known as the Perigon Beverage Group , which also includes Boldworks and Merchant Vintner, and as such has certain licenses, supplier contracts, customer lists, inventory, liquor board listings and other assets associated with such sales agency (collectively, the "**Perigon Business**").

AND WHEREAS the Vendor wishes to sell, and the Purchaser wishes to purchase, the Perigon Business, on the terms and subject to the conditions hereinafter contained.

NOW THEREFORE in consideration of the respective covenants and agreements hereinafter set out the parties hereto agree as follows:

1. INTERPRETATION

1.1 Defined Terms

In this Agreement and in the Schedules hereto, unless there is something in the subject-matter or context inconsistent therewith, the following terms and expressions will have the following meanings:

- (a) “**Action**” means any claim, action, suit, charge, complaint, grievance, arbitration, notice, inquiry, dispute, strike, mediation, audit, investigation, litigation or other proceeding (whether civil, criminal or administrative);
- (b) “**AGCO**” means the Alcohol and Gaming Commission of Ontario;
- (c) “**Affiliates**” of any person means any person which, directly or indirectly, controls or is controlled by that person, or is under common control with that person. For the purposes of this definition, “control” (including, with correlative meaning, the terms “controlled by” and “under common control with”), as used with respect to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through ownership of voting securities, by contract or otherwise;
- (d) “**Boldworks**” has the meaning set forth in the recitals above;
- (e) “**Business Day**” means any day other than a day which is a Saturday, a Sunday or a statutory holiday in Ontario;
- (f) “**Claim Notice**” has the meaning set forth in Section 10.3 hereof;
- (g) “**Closing Date**” means October 1, 2024, or such other date as the Vendor and Purchaser may agree upon;
- (h) “**Closing**” means the completion of the transactions contemplated herein by the virtual exchange of closing documents and funds on the Closing Date;
- (i) “**Direct Claim**” has the meaning set forth in Section 10.3 hereof;
- (j) “**Encumbrances**” means mortgages, charges, pledges, security interests, liens, encumbrances, actions, claims, demands and equities of any nature whatsoever or howsoever arising and any rights or privileges capable of becoming any of the foregoing;
- (k) “**Financial Statements**” has the meaning set forth in Section 6.7 hereof;
- (l) “**Indemnified Party**” has the meanings set forth in Section 10 hereof, as the context requires;
- (m) “**Indemnifying Party**” has the meanings set forth in Section 10 hereof, as the context requires;
- (n) “**Inventory**” means all finished goods related to the Perigon Business as reflected as the costs on the financial statements of the Vendor, as set out in Schedule 6.17;
- (o) “**Laws**” means any and all applicable laws including all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative

or ministerial or departmental or regulatory judgments, orders, decisions, ruling or awards, and general principles of common law and equity, binding on or affecting the Person referred to in the context in which the word is used;

- (p) “**LCBO**” means the Liquor Control Board of Ontario;
- (q) “**Loss**” means with respect to any person, (a) any losses, liabilities, claims, demands, judgments, damages, suits, Actions, costs, damages, deficiencies, penalties, fines or expenses (including interest, penalties, legal and other professional fees and expenses, and court costs) against or affecting such person;
- (r) “**Material Authorizations**” has the meaning set forth in Section 6.10 hereof;
- (s) “**Material Breach**” means a breach of any provision in this Agreement which has had or could reasonably be expected to have a significant adverse effect on the value of the Purchased Assets; which constitutes a reduction of twenty (20%) percent or greater of the value of the Purchased Assets;
- (t) “**Merchant Vintner**” has the meaning set forth in the recitals above;
- (u) “**Perigon IP**” means the Vendor’s right, title and interest in and to any intellectual property of the Perigon Business, including without limitation, the following: (i) any trademarks, trade names, business names, brand names, service marks, computer software, computer programs, copyrights, including any performing, author or moral rights, designs, inventions, patents, franchises, formulas, processes, know-how, technology and related goodwill; (ii) any applications, registrations, issued patents, continuations in part, divisional applications or analogous rights or licence rights therefore; and (iii) all other intellectual or industrial property;
- (v) “**Perigon Shares**” has the meaning set forth in Section 5 hereof;
- (w) “**Purchase Price**” has the meaning set forth in Section 4 hereof;
- (x) “**Perigon Principals**” means Dean Campbell, Michael List, Greg Rudka and Sean Robitaille;
- (y) “**Purchased Assets**” means all of the assets associated with the Perigon Business, including (a) the consignment licenses and other LCBO registered licenses via the transfer of the Perigon, Boldworks and Merchant Vintner AGCO licenses, (b) agency/supplier contracts, (c) inventory (either beverage alcohol, samples, point of sale), (d) the Perigon IP, (e) other intangibles associated with Perigon and its agency business, such as the website, customer lists, business names and (f) such other assets as may be agreed to in writing by the parties.
- (z) “**Third Party Claim**” has the meaning set forth in Section 10.3(b) hereof;
- (aa) “**Transaction**” has the meaning set forth in Section 3 hereof;

(bb) “TSX-V” means the Toronto Venture Stock Exchange.

1.2 Best of Knowledge

Any reference herein to “the best of the knowledge” of the Vendor will be deemed to mean the actual knowledge of each of the Perigon Principals, all in their respective capacities as officers, directors or management of the Vendor.

1.3 Currency

Unless otherwise indicated, all dollar amounts referred to in this Agreement are in lawful money of Canada.

1.4 Interpretation not Affected by Headings or Party Drafting

The division of this Agreement into articles, sections, paragraphs, subparagraphs and clauses and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein”, “hereunder” and similar expressions refer to this Agreement and the Schedules hereto and not to any particular article, section, paragraph, subparagraph, clause or other portion hereof and include any agreement or instrument supplementary or ancillary hereto. Each party hereto acknowledges that it and its legal counsel have reviewed and participated in settling the terms of this Agreement, and the parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable in the interpretation of this Agreement.

1.5 Number and Gender

In this Agreement, unless there is something in the subject matter or context inconsistent therewith,

- (a)** words in the singular number include the plural and such words shall be construed as if the plural had been used,
- (b)** words in the plural include the singular and such words shall be construed as if the singular had been used, and
- (c)** words importing the use of any gender shall include all genders where the context or party referred to so requires, and the rest of the sentence shall be construed as if the necessary grammatical and terminological changes had been made.

1.6 Schedules

The Schedules which are attached to this Agreement are incorporated into this Agreement by reference and are deemed to be part hereof.

Schedules 3.2

Third Party Consents

Schedule 6.2	Licenses and Permits
Schedule 6.7	Financial Statements for the past three (3) financial year ends and the Interim Period to August 31, 2024.
Schedule 6.10	Authorizations
Schedule 6.14	Perigon Trademarks
Schedule 6.17	Inventory
Schedule 6.19	Contracts relating to the Perigon Business
Schedule 6.20	Non-arm's Length Contracts

2. PURCHASE OF ASSETS

On the terms and subject to the fulfilment of the conditions hereof, the Vendor hereby agrees to sell, transfer and assign to the Purchaser, and the Purchaser hereby agrees to purchase and accept from the Vendor, the Purchased Assets.

3. CONDITIONS OF SALE

The purchase and sale of the Purchased Assets in accordance with the terms of this Agreement (collectively, the "**Transaction**"), are subject to the following conditions which are to be fulfilled and/or performed at or prior to the Closing Date:

- 3.1** Receipt of all applicable regulatory approvals with respect to the Transaction, including regulatory approval from the TSX-V;
- 3.2** The Vendor obtaining third-party consents from (i) Vidigal/Abegoria, Swinkels Family Brewers and Brock St. Brewery, confirming that such suppliers will not cancel their agency contracts or relationships with the Vendor or the Purchaser as a result of the transfer of the Purchased Assets to the Purchaser, which consents shall be to the satisfaction level of the Purchaser; and (ii) from the Bank of Montreal;
- 3.3** Each Perigon Principal shall sign a non-compete agreement in favour of the Purchaser for a two (2) year period on Closing so as to not compete directly against or diminish the Perigon Business or the Purchased Assets. Notwithstanding the preceding sentence, nothing in this Agreement shall be interpreted in any manner to prevent any of Michael List, Greg Rudka or Sean Robitaille from providing financial advisory services or investing in any company in the normal course of the business of either 2RL Capital Inc. (a boutique merchant bank) or GreenSky Ventures (a venture capital firm) or any of their respective affiliates, provided however that each of these 3 individuals shall also confirm that they will not solicit any existing or new suppliers of either Perigon or TBP with a view of having those suppliers leave either of Perigon or TBP for another agency.
- 3.4** Each of Dean Campbell and Heather Ann Mitchele shall agree to be retained by the Purchaser on terms mutually agreeable to both the Purchaser and such employee. If an agreement is not reached with either of them at Closing, then the Vendor will be responsible for severance for such employee;

- 3.5 On Closing, the Vendor shall have confirmed its responsibility for any severance costs relating to all employees of the Vendor, except for Dean Campbell and Heather Ann Mitchele if agreements are reached, whose employment is intended to continue with the Purchaser or one of its affiliates;
- 3.6 Approval of the Transaction by the Board of Directors for each of the Vendor and the Purchaser;
- 3.7 Mutual agreement between the Parties as to the gross margin calculations of the Vendor and the Purchaser to be used for purposes of the Transaction and its deferred component;
- 3.8 No adverse material changes occurring to the business, financial condition or operations of the Purchaser, the Vendor or the Perigon Business between the date of this Agreement and the Closing Date;
- 3.9 The representations and warranties of each party contained in this Agreement are true and correct as of the date of this Agreement and shall be true and correct in all material respects as of the Closing Date (unless such representation or warranty was true and correct as of a certain period of time, in which case, such time period shall still control). Each of the Purchaser and the Vendor will execute and deliver a certificate certifying as to the foregoing at Closing. Upon the delivery of such certificate, the representations and warranties of such party set out in this Agreement will be deemed to have been made on and as of the Closing Date with the same force and effect as if made on and as of such date;
- 3.10 Each party shall have fulfilled or complied with all covenants contained in this Agreement required to be fulfilled or complied with by it at or prior to Closing, and each of the Purchaser and the Vendor shall have executed and delivered a certificate to that effect;
- 3.11 The Purchaser shall deliver or cause to be delivered to the Vendor those items listed in Section 11.2 in form and substance satisfactory to the Vendor, acting reasonably; and
- 3.12 The Vendor shall deliver or cause to be delivered to the Purchaser, those items listed in Section 11.1 in form and substance satisfactory to the Purchaser, acting reasonably.

4. **PURCHASE PRICE**

The purchase price (the “**Purchase Price**”) for the Purchased Assets to be paid by the Purchaser to the Vendor shall be a total consideration of [REDACTED] times the trailing twelve (12) month gross margin of the Vendor as of August 31, 2024 (or the latest full month result) (the “Gross Margin”). Gross margin shall be calculated in the same manner as shown and calculated in the financial statements of the Vendor dated December 31, 2023 (a copy of which has been presented to the Purchaser), subject to an adjustment to the gross margin by removing the commissions allocated to cost of goods sold. Appendix 1 contains the gross margin calculations by month for the trailing twelve months to August 31, 2024. Appendix 2 contains the list of the top 10 Perigon suppliers and their associated gross margins (“Perigon Brands”) currently making up the calculations in Appendix 1. Both Appendix 1 and 2 will be updated if a later month is used for the Purchase Price calculation

5. PAYMENTS OF THE PURCHASE PRICE

The Purchaser shall pay the Purchase Price to the Vendor by way of issuing common shares (the “**Perigon Shares**”) of the Purchaser to the Vendor (or to those parties as designated by the Vendor in writing to the Purchaser) in the following manner:

(i) at the Closing Date, 5,000,000 of the Perigon Shares; and

(ii) the balance of the Purchase Price shall be paid by issuing such number of Perigon Shares, calculated by multiplying the Gross Margin by [REDACTED] and then subtracting \$1,300,000, and be paid out by the Purchaser in three (3) equal installments, representing one third (33.3%) of the balance owing, payable every six (6) months over the eighteen (18) month period after the Closing Date. The number of shares to be issued will be calculated using a share price equal to the average trading price over the thirty (30) days prior to the respective payment dates, provided that each payment in shares shall be adjusted, if appropriate, as outlined in the table below based upon the achievement of the gross margin target at the time of the future payment. The gross margin target shall be Perigon’s gross margin as utilized in the above calculation of the Purchase Price, provided however, that:

- A. The measurement against the target shall include the gross margin of all Perigon Brands at closing plus fifty percent (50%) of all gross margin delivered by any new suppliers secured by the combined companies, excluding new gross margin secured via mergers, acquisitions and purchased suppliers. For further clarity, the measured gross margin shall be measured on a rolling twelve (12) month basis from the Closing Date.
- B. If any merger or acquisition of a new supplier creates a portfolio conflict that results in the loss of a top 10 Perigon Brand as attached in Appendix 2, that lost gross margin will be removed from the gross margin target for the remaining periods post the loss of that supplier stream of gross margin. For clarity as an example: in month 9, the Purchaser acquires a Gin brand, through a merger or acquisition, that causes Levenswater Gin (current Perigon Supplier) to terminate the relationship with the agency. Levenswater’s R12 GM = \$ [REDACTED]. For each month that Levenswater is ‘lost’ from Perigon’s GM calculation = \$ [REDACTED] (\$ [REDACTED] / 12), the earn-out target is reduced for that period by \$ [REDACTED] / month for the balance of the earn-out schedule.

The gross margin target calculation and potential reduction in the earnout payment will be calculated according to the table below:

number of shares to be issued will be calculated using a share price equal to the average trading price over the thirty (30) days prior to the respective payment dates.

6. REPRESENTATIONS AND WARRANTIES OF THE VENDOR

The Vendor, which pursuant to the Recitals includes each of Hobbs & Co. Wine Merchants Inc., Boldworks Corporation and The Merchant Vintner Inc., represents and warrants as follows to the Purchaser and acknowledges and confirms that the Purchaser is relying upon the representations and warranties in connection with the completion of the transactions completed hereby:

6.1 Private Company

Each Vendor is a private company incorporated under the *Business Corporations Act* (Ontario).

6.2 Licenses to Operate Perigon Business

Each Vendor holds licenses to represent manufacturers pursuant to the AGCO and consignment licenses pursuant to the LCBO and such other licenses and authorizations as needed for the Perigon Business, all as outlined in Schedule 6.2. All of the licenses, registrations, qualifications, permits, bonds and approvals issued by any government or governmental unit, agency, board, body or instrumentality, whether federal, provincial or municipal, related to the Purchased Assets are listed on Schedule 6.2.

6.3 No Other Purchase Agreements

This Agreement constitutes a valid and binding obligation of each Vendor, enforceable against them in accordance with the terms hereof, subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought.

6.4 Liens

Each Vendor is not now and shall not on the Closing Date be a party to, bound or affected by or subject to any indenture, mortgage, lease, agreement, instrument, charter or by-law provision, order, judgment or decree which would be violated, contravened or breached by, or which would result in the creation or imposition of any material security interest, lien or other encumbrance upon any of the Purchased Assets as a consequence of the execution and delivery of this Agreement or the consummation of any of the transactions provided for herein.

6.5 Ownership

Each Vendor is now, and shall on the Closing Date be, the absolute beneficial owner of the Purchased Assets with good and marketable title thereto, free and clear of any mortgages, liens, charges, pledges, security interests or encumbrances or any rights of others to acquire any ownership interest in any of the Purchased Assets, and is now, and shall on the Closing Date be, exclusively entitled to possess and dispose of the same.

6.6 Litigation

There is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, pending, threatened against (to the best knowledge of the Vendor), or involving each Vendor or the Purchased Assets or any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator, which, in any such case, might reasonably be concluded to materially adversely affect the ability of each Vendor to enter into this Agreement or to consummate the transactions contemplated hereby or materially adversely affect business comprising the Perigon Business or the future prospects or financial condition of the Purchased Assets and each Vendor is not aware of any existing ground on which any such action, suit or proceeding may be commenced with any reasonable likelihood of success.

6.7 Financial Statements

To the best of the knowledge of each Vendor, any financial statements (the "**Financial Statements**") attached hereto as Schedule 6.7, provided to the Purchaser to date are prepared in accordance with the Canadian Accounting Standards for Private Enterprises ("APSE"). To the best knowledge of each Vendor, the said Financial Statements present fairly as at the date of said Financial Statements, the financial condition of each Vendor and the Perigon Business in respect of the matters therein, in conformity with the above APSE standards.

As of the Closing Date and unless specifically set out herein, no obligations of the Vendor existing at the Closing will create a lien on any of the Purchased Assets and there is and will be no valid basis for assertion against the Purchaser of any debt, liability or obligation arising prior to Closing, of any nature or in any amount against the Purchased Assets.

Residency

The Vendor is not a non-resident individual within the meaning of the *Income Tax Act*.

6.9 Due Execution

Each Vendor has all necessary corporate power, authority and capacity to enter into this Agreement and perform its obligation hereunder; and the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on part of each Vendor.

6.10 Authorizations

Other than the consents set forth on Schedule 3.2, there is no requirement to make any filing with, give any notice to, or obtain any authorization of, any governmental entity as a condition to the lawful completion of the transactions contemplated by this Agreement, except for the filings, notifications and authorizations described in Schedule 6.10. Each Vendor owns, holds, possesses and lawfully uses in the operation of the Perigon Business all authorizations that are, in any manner, materially necessary for it to conduct business carried on by the Perigon Business as

presently or previously conducted or for the ownership and use of the Purchased Assets in compliance with all applicable Laws. All such authorizations material to the Perigon Business are listed in Schedule 6.10 (the "**Material Authorizations**"). Each Material Authorization is valid, subsisting and in good standing, each Vendor is not in material default or breach of any Material Authorization and, to the knowledge of each Vendor, no proceeding is pending or threatened to revoke or limit any Material Authorization. To the knowledge of each Vendor, there are no grounds that would justify any governmental entity amending, suspending, cancelling, revoking or invalidating any such Material Authorizations or any charge, administrative or monetary penalty, order or other proceeding against each Vendor or the Perigon Business.

6.12 Execution and Binding Obligation

This Agreement and all of the ancillary agreements to which each Vendor is a party as listed in Section 3 have been duly executed and delivered by each Vendor, and constitute legal, valid and binding obligations of each Vendor, enforceable against it in accordance with their respective terms, subject only to any limitation under applicable Laws relating to: (i) bankruptcy, winding-up, insolvency, arrangement and other similar Laws of general application affecting the enforcement of creditors' rights; and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

6.13 HST

Each Vendor hereby represents and warrants to the Purchaser that each of Perigon and Merchant Vintner is registered for purposes of Part IX of the *Excise Tax Act*, R.S.C. 1985, c. E-13 (Canada) The HST number of Perigon is 866153547RT0001 and the HST number of Merchant Vintner is 806000139RT002. The Purchaser shall file a Section 167 Election under the Income Tax Act (Canada) and the Vendor undertakes to assist with filing of such election.

6.14 Intellectual Property

All Perigon IP which is necessary or incidental to the Perigon Business as the same are presently being carried on is listed in Schedule 6.14 and is valid and subsisting and held by each Vendor with good and marketable title and is in good standing and will be, as of the Closing Date, free and clear of all security interests, claims, liens, objections and infringements of every nature and kind and all registrations therefor have been kept renewed and are in full force and effect. The use of the Perigon IP does not involve infringements or, to the best knowledge of each Vendor, claimed infringement of any patent, trademark, trade name or copyright. No employee of each Vendor owns, directly or indirectly, in whole or in part, any patent, trade-mark, trade name, brand name, copyright, invention, process, know-how, formula or trade secret which each Vendor is presently using in relation to the Perigon IP or the use of which is necessary for the Perigon IP. The documentation relating to the know-how of each Vendor and to each trade secret, design, product, process or operation of the Vendor relating to the Perigon IP is accurate and in sufficient detail and content to identify and explain them, allow their full and proper use without reliance on the knowledge or memory of any individual and enable proper support and maintenance and further development. Each Vendor has taken all reasonable steps to protect the confidentiality and value of such trade secrets, and such trade secrets are not part of the public domain.

6.15 Guarantee and Indebtedness in respect of the Vendor and/or the Perigon Business

Each Vendor is not a party to or bound by any guarantees, indemnification, surety or similar obligation in respect of the Vendor or the Perigon Business.

6.16 No Options

No party other than the Purchaser has any agreement or option or any right capable of becoming an agreement or option for the purchase from each Vendor of the Purchased Assets.

6.17 Inventory Related to the Perigon Business

The Inventory for the Perigon Business that is being sold to the Purchaser is in good and merchantable condition and is usable and saleable in the ordinary course of business for the purposes of which it is intended and is carried on the books of each Vendor. The current Inventory is attached as Schedule 6.17 and such Inventory will be updated as of the Closing Date.

6.18 Absence of Changes to the Perigon Business

Since September 12, 2024, there has not been (i) any material change in the condition or operation of the Perigon Business other than changes in the ordinary and normal course of business, or (ii) any damage, destruction or loss, labour trouble or other event, development or condition of any character (whether or not covered by insurance) materially and adversely affecting the Perigon Business.

6.19 No Breach of Contracts relating to the Perigon Business

The contracts set forth in Schedule 6.19 are the only contracts material to the Perigon Business. Each Vendor has materially performed all of the obligations required to be performed by it, is entitled to all benefits thereunder, and is not in material default of any such contract. Each of such contracts is in full force and effect, unamended, and there exists no default or event of default or event, occurrence, condition or act (including the transactions contemplated hereby) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default or event of default under any contract other than any requirements to obtain the consent of the other party. True, correct and complete copies of all such contracts have been delivered to the Purchaser. Each of the three (3) key Perigon agency suppliers shall provide the consents as per section 3.2 above.

6.20 Non-arm's Length Contracts as related to the Perigon Business

Except as amongst the affiliated Vendor companies or as listed in Schedule 6.20, each Vendor is not a party to any contract, agreement or arrangement, as related to the Perigon Business, with (i) any associated or affiliated corporation within the meaning of the Canada Business Corporations Act or (ii) any corporation with which it does not deal at arm's length within the meaning of the *Income Tax Act* (Canada).

6.21 Leases relating to the Perigon Business

The Vendor is not a party to any lease or agreement in the nature of a lease, whether as lessor or lessee relating to the Perigon Business and the Purchaser is not assuming any lease obligations.

7. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants as follows to the Vendor and acknowledges and confirms that the Vendor is relying upon the representation and warranties in connection with the completion of the transactions completed hereby:

7.1 Public Company

The Purchaser is a public company incorporated under the *Business Corporations Act* (Ontario) and is a reporting issuer in the provinces of Ontario, Alberta and British Columbia and its common shares are posted and listed for trading on the TSX-V under the symbol “DWS”.

7.2 Residency

The Purchaser is not a non-resident individual within the meaning of the *Income Tax Act*.

7.3 Obligation

This Agreement constitutes a valid and binding obligation of the Purchaser, enforceable against it in accordance with the terms hereof, subject however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought.

7.4 Due Execution

The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and perform its respective obligations hereunder; and the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on part of the Purchaser.

7.5 HST

The Purchaser hereby represents and warrants to the Vendor that the Purchaser is registered for purposes of Part IX of the *Excise Tax Act*, R.S.C. 1985, c. E-13 (Canada) and that the Purchaser’s HST number is 866546781RT0001. The Purchaser shall file a Section 167 Election under the Income Tax Act (Canada) and the Vendor undertakes to assist with filing of such election.

7.6 Perigon Shares

The Perigon Shares have been validly issued and allocated by the Purchaser, free and clear of any encumbrances, other than the standard four (4) month hold period on the ability of holders of the Perigon Shares to transfer and/or sell such shares.

8. ASSUMPTION OF LIABILITIES

The Parties agree that the Purchaser is not assuming and shall not be liable or responsible for any of the liabilities, debts or obligations of the Vendor or the business existing or accruing at the Closing Date, whether or not relating to the Perigon Business.

9. SURVIVAL OF REPRESENTATIONS AND WARRANTIES AND INDEMNITY

9.1 All representations and warranties of the parties contained herein or in any document hereunder will survive the Closing for a period of twenty-four (24) months after the Closing Date and will continue during that period in full force and effect and will not merge on Closing.

9.2 Notwithstanding the foregoing, any claim arising from a representation or warranty contained herein which is based upon or relates to any breach of a representation or warranty involving fraud or fraudulent misrepresentation, will survive indefinitely and will not merge on Closing.

10. INDEMNIFICATION

10.1 Indemnification by the Vendor

Subject to the provisions of Section 10, from and after the Closing, the Vendor (for the purpose of this Section 10.1, the “**Indemnifying Party**”) will indemnify, defend and hold the Purchaser (for the purpose of this Section 10.1 the “**Indemnified Party**”) harmless from and against, and pay to the Indemnified Party the amount of, any Losses based upon, resulting from, arising out or of related to:

- (a) any material inaccuracy or material breach of any representation or warranty of the Vendor contained in this Agreement or any document delivered hereunder;
- (b) any material breach or material non-performance by the Vendor of any covenant or agreement to be performed by the Vendor contained in this Agreement or document delivered hereunder; and
- (c) any pre-Closing liabilities of the Vendor not disclosed hereunder.

10.2 Indemnification by Purchaser

Subject to the provisions of the Section 10, from and after the Closing, the Purchaser for the purpose of this Section 10.2, the “**Indemnifying Party**”) will indemnify, defend and hold the Vendor (for the purpose of this Section 10.2, the “**Indemnified Party**”) harmless from and against, and pay to the Indemnified Party the amount of, any Losses based upon, resulting from, arising out of or related to:

- (a) any material inaccuracy or material breach of any representation or warranty of the Purchaser contained in this Agreement or any document delivered hereunder; and

- (b) any material breach or material non-performance by the Purchaser of any covenant or agreement to be performed by the Purchaser contained in this Agreement or document delivered hereunder.

10.3 Indemnification Procedures

- (a) Subject to Section 9, any Action by an Indemnified Party on account of a Loss which does not result from a third-party claim (a “**Direct Claim**”) shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof (each, a “**Claim Notice**”), setting forth in reasonable detail the nature of the claim. The failure of an Indemnified Party to reasonably promptly provide a Claim Notice of any Direct Claim shall not release, waive or otherwise affect the Indemnifying Party’s obligations with respect thereto, except to the extent that the Indemnifying Party is actually and materially prejudiced as a result of such failure. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. If the Indemnifying Party does not so respond within such thirty (30) day period, the Indemnifying Party shall be deemed to have agreed to such claim and the Indemnifying Party’s obligation to indemnify the Indemnified Party for the full amount of all Losses related to or resulting therefrom.
- (b) In the event that any Action shall be instituted or that any claim or demand shall be asserted by any third party in respect of which payment may be sought under Section 10.1 or Section 10.2 (a “**Third Party Claim**”), subject to Section 9, the Indemnified Party shall reasonably promptly cause a Claim Notice regarding any Third-Party Claim of which it has knowledge that is covered by this Section 10 to be forwarded to the Indemnifying Party. The failure of an Indemnified Party to reasonably promptly provide a Claim Notice of any Third-Party Claim shall not release, waive or otherwise affect the Indemnifying Party’s obligations with respect thereto, except to the extent that the Indemnifying Party is actually and materially prejudiced as a result of such failure. The parties agree to cooperate fully with each other in connection with the defence, negotiation or settlement of any such Third-Party Claim. Notwithstanding anything in this Section 10.3(b) to the contrary, the Indemnifying Party shall not, without the written consent of the Indemnified Party, such consent to not be unreasonably withheld, conditioned or delayed, (i) settle or compromise any Third-Party Claim or (ii) permit a default or consent to entry of any judgment, in each case, unless the claimant and such party provide to such other party an unqualified release from all future liability in respect of the Third-Party Claim.

10.4 Indemnification Cap

- (a) The aggregate amount of all Losses for which the Indemnifying Party shall be liable in respect of any indemnification hereunder shall not exceed an aggregate amount equal to the total amount of the portion Purchase Price actually paid to the Vendors.

- (b) For the purposes of any Loss based upon, resulting from, or related to, fraud or fraudulent misrepresentation per Sections 10.1 and 10.2, it shall not be subject to any cap.
- (c) The Indemnifying Party shall not be required to indemnify any Indemnified Party under this Section unless the amount of all Losses under any Direct Claims and Third-Party Claims made by the Indemnified Parties exceeds \$25,000 in the aggregate, in which case, the Indemnifying Party will only be obligated to pay the amount owing by it in respect of those Losses in excess of the first \$25,000.

10.5 Calculation of Losses

- (a) The amount of any Losses for which indemnification is provided under this Section 10 shall be on an after-tax basis and net of any amounts actually recovered by the Indemnified Party under insurance policies or other sources of indemnification (net of the costs of collection and any increases in insurance premiums attributable to such claims). For greater certainty, when determining the amount of any adjustment or indemnifiable claim or Loss under this Section 10, the determination of the amount of such adjustment or an indemnifiable claim or Loss will take into account any net Tax benefit actually realized as a reduction in cash Taxes by the recipient of the indemnity payment as a result of the matter giving rise to such adjustment or indemnifiable claim or Loss in the year in which the Loss is incurred.
- (b) All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by law.

10.6 Exclusive Remedy

The rights of indemnity in this Section 10 will be the sole and exclusive remedy of any Indemnified Party for any breach of a representation or warranty, or non-performance of any covenant or agreement, contained in this Agreement and documents delivered pursuant to this Agreement, and each Indemnified Party waives any other recourse or remedy it may have in contract, tort or otherwise. For greater certainty, any Actions brought under this Agreement in connection with any of the foregoing shall be determined and governed by this Section 10.

11. CLOSING DELIVERABLES

11.1 At or prior to the Closing, the Vendor shall:

- (a) deliver and transfer the Purchased Assets in accordance with the terms hereof.
- (b) deliver the non-compete agreements contemplated by Section 3.4;
- (c) deliver the employment or consulting agreements contemplated by Section 3.5;
- (d) deliver the bring down certificates referred to in Sections 3.11 and 3.12;

- (e) provide an updated Inventory list as of the Closing Date, or provide an undertaking to adjust within 30 days after Closing;
- (f) deliver certified copies of all resolutions of the board of directors of the Vendor approving the entering into of this Agreement and completion of the Transaction; and
- (g) Confirmation from each of the three key Perigon suppliers pursuant to section 3.2 above.

11.2 At or prior to the Closing, the Purchaser shall:

- (a) pay the amount of the Purchase Price due at Closing, being Five Million (5,000,000) of the Perigon Shares, in accordance with Section 5, and Diamond Inc. therefore issue the electronic share certificates representing such shares;
- (b) deliver copies of all applicable regulatory approvals and consents with respect to the Transaction;
- (c) deliver the bring down certificates referred to in Sections 3.11 and 3.12;
- (d) deliver certified copies of all resolutions of the board of directors of the Purchaser approving the entering into of this Agreement and completion of the Transaction.

11.3 Each Vendor and Purchaser shall take any and all action necessary to give effect to this Agreement and the consummation of the transactions contemplated herein, including the execution and delivery of all such instruments, documents and agreements as may be reasonably necessary or required by the parties hereto or their respective solicitors.

12. PRE-CLOSING COVENANTS

12.1 Conduct of Business Prior to Closing

From the date of this Agreement until the Closing, or the earlier termination of this Agreement in accordance with Section 13, without the prior written consent of Purchaser, acting reasonably, and except as otherwise contemplated by this Agreement, the Vendor shall conduct all business in connection with the Perigon Business in the ordinary course of business.

12.2 Publicity

No party shall issue or permit to be issued any press release or public announcement concerning this Agreement or the Transaction without obtaining the prior written approval of Purchaser (in the case of any Vendor) or the Vendor (in the case of Purchaser); provided, however, that the foregoing shall not apply to announcements and communications in connection with Purchaser's and/or its Affiliates' fundraising, marketing, informational or reporting activities of the kind customarily provided to investors and prospective investors with respect to investments of this kind or as the Purchaser may be required by regulatory authorities

12.3 Confidentiality

From and after the Closing, the parties shall, and shall cause their respective Affiliates, directors, officers, shareholders and employees to, hold in confidence and not disclose or misuse, any and all confidential or proprietary information, whether written or oral, relating to the Perigon Business, or the existence of this Agreement or the Transaction, except to the extent that the relevant party can show that the information (a) is generally available to and known by the public through no fault or action of such party or any of their Affiliates, directors, officers, shareholders or employees, (b) is lawfully acquired by such party or any of their Affiliates, directors, officers, shareholders or employees from and after the Closing from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation or (c) is required to be disclosed by applicable law. If any such party, or its Affiliates, directors, officers, shareholders or employees are compelled to disclose any confidential or proprietary information concerning the Perigon Business, or the existence of this agreement or the Transaction, by judicial or administrative process or by other law, such party shall promptly notify the other party in writing so that the other party may seek an appropriate protective order or other remedy, and such party shall cooperate with respect to obtaining a protective order or other remedy as the other party may reasonably request at the other party's sole cost and expense. If such protective order or other remedy is not obtained, such party shall disclose only that portion of such information which such party is advised by such party's counsel in writing is legally required to be disclosed.

13. POST-CLOSING CONDITIONS

- 13.1 The Vendor will, within ninety (90) days of the Closing Date and on a best efforts basis, assist the Purchaser with obtaining (i) any third-party consents including any consents needed to be obtained from the LCBO and/or the AGCO; and (ii) all applicable regulatory approvals with respect to the Transaction, including the AGCO and TSX-V.
- 13.2 The Parties acknowledge that there will be outstanding accounts receivable due from a number of third parties who are current suppliers of the Vendor at the time of Closing (these outstanding accounts receivable shall hereinafter be referred to as "Perigon Accounts Receivable"). It is agreed that, post-Closing, all monies received from any third parties with Perigon Accounts Receivable which was outstanding at Closing shall be paid to Perigon until, in the respective case of each third party, the Perigon Accounts Receivable has been paid in full. The parties also undertake to work together in the event that payments owing to the Purchaser post-closing that are incorrectly made by customers to the Vendor are delivered over to the Purchaser, and vice versa for payments that were for pre-closing transactions.

14. TERMINATION

14.1 This Agreement may, by notice in writing given on or prior to the Closing Date, be terminated:

- (a) by mutual consent of the Vendor and the Purchaser;
- (b) by the Purchaser, if:

- (i) there has been a Material Breach of this Agreement by the Vendor and where such breach is capable of being cured, such breach has not been waived by the Purchaser in writing or cured within 10 days following written notice of such breach by the Purchaser; or
 - (ii) any of the conditions in Section 3 that are in favour of the Purchaser have not been satisfied or it becomes reasonably apparent that any of such conditions will not be satisfied by the Closing Date (other than as result of the failure of the Purchaser to perform any of its material obligations) and the Purchaser has not waived such condition in writing at or prior to Closing;
- (c) by the Vendor, if:
 - (i) there has been a Material Breach of this Agreement by the Purchaser and where such breach is capable of being cured, such breach has not been waived by the Vendor or cured within 10 days following written notice of such breach by the Vendor; or
 - (ii) any of the conditions in Section 3 that are in favour of the Vendor have not been satisfied or it becomes reasonably apparent that any of such conditions will not be satisfied by the Closing Date (other than as result of the failure of any of the Vendor to perform any of its material obligations) and the Vendor has not waived such condition at or prior to Closing.

14.2 If this Agreement is terminated pursuant to this Section 14, this Agreement will be of no further force or effect; provided, however, that (i) Section 12.3 (Confidentiality), this Section 14.2 and Section 15 (General) and provisions that by their nature should survive, will survive the termination of this Agreement, and (ii) the termination of this Agreement will not relieve any party from any liability for any breach of this Agreement occurring prior to termination.

15. GENERAL

15.1 Further Assurances

Each of the parties hereto will from time to time at the other's request and expense and without further consideration, execute and deliver other such instruments of transfer, conveyance and assignment and take such further action as the other may require to more effectively complete any matter provided for herein.

15.2 Time of the Essence

Time shall be of the essence of this Agreement.

15.3 Jurisdiction

This Agreement shall be interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

15.4 Notices

Any notice required or permitted to be given under this Agreement must be in writing and may be given by delivering or mailing or faxing the notice to the party to receive the same at the address and/or fax set out below. Such notice shall be deemed to have been given on the day of delivery if delivered or on the second business day following the mailing or faxing of same.

Address of Purchaser: Diamond Estates Wines & Spirits Inc.
1067 Niagara Stone Road
Niagara-on-the-Lake, Ontario L0S 1J0

Attn: Andrew Howard
Email: ahoward@diamondwines.com

With a copy to:
Andrew Green, agreen@diamondwines.com

Address of Vendor: Perigon Wine Group
1460 The Queensway, Unit 118
Toronto, Ontario
M8Z 1S4

Attention: Dean Campbell
Email: dean@perigonbeverage.ca

15.5 Entire Agreement

This Agreement (including all exhibits, schedules and documents delivered pursuant hereto) constitutes the entire agreement between the parties hereto with respect to the transactions provided for herein and, except as stated herein and in the instruments and documents to be executed and delivered pursuant hereto, contains all of the agreements between the parties hereto and there are no verbal agreements or understandings between the parties hereto not reflected in this Agreement. This Agreement may not be amended or modified in any respect except by written instrument executed by each of the parties hereto.

15.6 Severability

If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any law or public policy, all other terms or provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Transaction is not affected in any manner materially adverse to any party. Any such term or provision held invalid, illegal, or incapable of being enforced only in part or degree will remain in full force and effect to the extent not held invalid, illegal, or incapable of being enforced. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, such term or provision is hereby deemed modified to give effect to the original written intent of the parties to the greatest extent consistent with being valid and enforceable under applicable law.

15.6 Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same agreement.

15.7 Parties in Interest

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors, administrators, and assigns.

**BALANCE OF PAGE BLANK EXCEPT FOR PAGE NUMBERS
SIGNING PAGE FOLLOWS ON NEXT PAGE**

IN WITNESS WHEREOF, each of the undersigned have executed this Agreement and given effect to same as at the dates set out below.

**SIGNED, SEALED AND
DELIVERED** in the presence of:)
)
)

) **PERIGON BEVERAGE GROUP**

) Per:

) "Dean Campbell"

) _____
) Name: Dean Campbell

) Title: President

) "Sean Robitaille"

) _____
) Name: Sean Robitaille

) Title: Director

) *We have the authority to bind the Corporation.*

) **DIAMOND ESTATES WINES & SPIRITS
LTD.**

) "Andrew Howard"

) Andrew Howard

) President

) *I have the authority to bind the Corporation*

) **DIAMOND ESTATES WINES & SPIRITS
INC.**

) "Ryan Conte"

) Ryan Conte

) Chief Financial Officer

) *I have the authority to bind the Corporation*

Schedule 3.2

Third Party Consents

Vendor: Vidigal/Abegoria, Swinkels Family Brewers and Brock St. Brewery

Purchaser: Bank of Montreal

Schedule 6.2

Licenses

See attached AGCO licenses.

Schedule 6.7

Financial Statements

See attached.

Schedule 6.10

Authorizations

See Attached.

Schedule 6.14

Perigon IP

NIL

Schedule 6.16

Inventory

See attached.

Schedule 6.19

Contracts Relating to the Perigon Business

NIL

Schedule 6.20

Non-arm's Length Contracts

NIL