

IN THE SUPREME COURT OF BRITISH COLUMBIA

Citation: *Deleau Holdings Ltd. v Danyluck*,
2026 BCSC 1735

Date: 20260911
Docket: S258446
Registry: Vancouver

Between:

Deleau Holdings Ltd. and Cascade Falls Development Ltd.
Petitioners

And

David Danyluck
Respondent

- and -

Docket: S258520
Registry: Vancouver

Between:

**Westminster Heights Holdings Ltd., Wine-Barn Developments Ltd.,
Deleau Holdings Ltd., Cascade Falls Development Ltd.,
Avatar-Oasis Holdings Ltd. and Mossy Forest Developments Ltd.**
Petitioners

And

Paul Butler Designs Inc.
Respondent

Before: The Honourable Mr. Justice Coval

Reasons for Judgment

Counsel for the Petitioners: A. Moore

Counsel for the Respondents: D.D. McWhinnie

Place and Dates of Hearing: Vancouver, B.C.
August 14 and 18, 2026

Place and Date of Judgment: Vancouver, B.C.
September 11, 2026

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Introduction

[1] In these two petitions heard together, the petitioner companies seek to nullify and cancel certain of the respondents' shareholdings, under the correction provisions in s 230 of the *Business Corporations Act*, SBC 2002, c 57.

[2] The petitioners submit that the shares were allocated to the respondents by mistake and contrary to the pre-conditions of entitlement to receive them. The value of the shares, as estimated by the petitioners, is \$450,000 for Mr. Danyluck and \$1.7 million for Paul Butler Designs Inc.

[3] The respondents counter that they received the shares, not in error, but as intended compensation for their services to the petitioners, and so there is no basis for cancellation under s 230.

[4] The evidentiary record is thin. The petitioners lack evidence from their representatives involved at the time, control having changed since the events in issue. On the respondents' side, Mr. Butler has unfortunately succumbed to Alzheimer's disease, and Mr. Danyluck deposes to little understanding of the legal details surrounding the allocation of his shares.

[5] I agree with the respondents that the petitioners have not met their onus of demonstrating, on a balance of probabilities, that the true intention of the parties differed from what is recorded in the companies' central securities registers. In my view, the evidence indicates the petitioners' representatives' clear intention to allocate the shares to the respondents and good faith commercial reasons for doing so. The petitioners have no evidence from anyone involved at the time that the shares were bestowed in error or for anything other than good faith business reasons. The shares should therefore not be cancelled under s 230.

[6] The petitions are dismissed.

Parties

[7] The petitioners are six BC companies (“Companies”), incorporated in 2018-2019 by Mr. Christopher Ross, to purchase and develop three lots on Stave Lake Street in Mission, BC. Until 2024, Mr. Ross was the Companies’ president and sole director.

[8] During his career, Mr. Butler was a building designer and the principal of Paul Butler Designs Inc. (“PBD”), a custom home design company. From 2019-2024, Mr. Butler provided design services to the Companies and was one of their senior officers. He is represented in this litigation by his wife, Cathryn Vernon.

[9] Mr. Danyluck is a professional licensed architect, practicing in the Lower Mainland since 1982. In 2021-2022, he provided architectural services to the Companies.

Background

[10] Each of the three lots on Stave Lake Road was a separate investment, owned by a holding company associated with a development company, and organized as follows:

HoldCo	DevCo
Deleau Holdings Ltd. 8092 Stave Lake	Cascade Falls Development Ltd.
Westminster Heights Holdings Ltd. 8120 Stave Lake	Wine-Barn Developments Ltd.
Avatar-Oasis Holdings Ltd. 8056 Stave Lake	Mossy Forest Developments Ltd.

[11] Mr. Ross raised funds mainly through shareholder loans. With these investor funds, he caused the HoldCos to purchase the three properties:

- Deleau purchased 8092 in August 2018, for \$2,299,599. Initial investors were required to make a \$150,000 shareholder loan for 1,000 shares, with development through Cascade.
- Westminster purchased 8120 in October 2018, for \$3,070,644. Initial investors were required to make a \$200,000 shareholder loan for 1,000 shares, with development through Wine-Barn.
- Avatar purchased 8056 in June 2019, for \$1,846,886. Investors were required to make a \$150,000 shareholder loan for 1,000 shares, with development through Mossy.

Investment Documentation

[12] The Companies' agreements and records were handled by their lawyers, Alex Sweezey and Peter Goodwin, of Goodwin & Mark LLP ("G&M"). G&M's services included:

- incorporating the companies and maintaining their records
- preparing shareholder and director resolutions
- preparing investor and shareholder agreements
- receiving investor funds in trust, including from share purchases and shareholder loans

[13] Investments into the Companies were made by way of:

- Governing Agreements, by which shareholders agreed to commit funds and agreed to Mr. Ross's role, authority and compensation
- Investment Agreements, setting out the requisite investment for specific allotted shares.
- Shareholders Agreements, in identical terms for the three sets of companies, and stipulating that issuance of additional shares required approval of 75% of the voting shares.
- Options to Purchase and Bare Trust Agreements, by which certain shares were allotted to Mr. Sweezey in trust, with a specific person granted an option to acquire them by making a specified shareholder loan by a specified deadline. If the option lapsed, Mr. Sweezey was to return the shares to the company for cancellation.

9779 Buys the Lands but Defaults

[14] From 2019-2022, Mr. Ross made little progress developing the project. In July 2022, the Companies sold the lands to Grewal Development Group Ltd. for \$33.9 million, with a \$20 million vendor take-back mortgage. Before closing, Grewal Group assigned the purchase to 1369779 B.C. Ltd. ("1369 Ltd.").

[15] After the sale, conflicts arose between Mr. Ross and the Companies' shareholders regarding access to the corporate records and holding of AGMs. In 2024, these issues were resolved by a consent court order, scheduling the AGMs with an independent chairperson. New boards were elected that excluded Mr. Ross and new solicitors were retained to replace G&M.

[16] In 2025, 1369 Ltd. defaulted on the VTB mortgage and the Companies were granted conduct of sale. The Companies' evidence is that, in the current market, they do not expect to recover the full VTB amount but do expect to repay shareholder loans and accrued interest.

Challenging the Disputed Shares

[17] After the change in control, the Companies' new boards spent significant time analyzing the corporate records, including the issuance and transfer of shares.

[18] On July 31, 2025, the Companies advised Mr. Danyluck and PBD of their position regarding their disputed shares, provided supporting records, and invited evidence in support of the respondents' shareholdings.

[19] The Companies filed these petitions in November 2025.

[20] The validity of some shareholdings of PBD and Mr. Danyluck are not challenged by the petitioners:

- For PBD, its 1,000 Class A shares in Westminster, for which it paid \$200,000 in November 2018, pursuant to an Investment Agreement.

- For Mr. Danyluck, his 1,000 Class A shares in Westminster and Wine-Barn, for which it paid a shareholders loan of \$200,000 in September 2021, pursuant to an Investment Agreement.

Rectification Under s 230

[21] Under s 230, a company may apply to correct its "basic records", defined in s 230(1) to include its central securities register.

[22] The Companies rely specifically on s 230(3)(a) and (c):

In connection with an application under this section, the court may make any order it considers appropriate, including

- (a) an order requiring the company to correct one or more of its basic records,
- ...
- (c) an order determining the right of a party to the application to have the party's name entered or retained in, or deleted or omitted from, basic records of the company, whether or not the issue arises between 2 or more shareholders or alleged shareholders, or between the company and any shareholders or alleged shareholders,

[23] Section 230 provides a broad scope for expedient resolution of disputes and correction of mistakes relating to a company's records. Like the equitable remedy of rectification, its purpose is to ascertain the true agreement of the contracting parties and ensure it is accurately expressed in their written instruments. While rectification reflects that true agreement by correction of the parties' written instruments, s 230 does so by retroactive amendment of their documents (*Phaneuf v. 0896459 B.C. Ltd.*, 2025 BCSC 1509, paras 91-95).

[24] Share issuances not properly paid for, or properly approved, will not necessarily be invalidated under s 230. The outcome depends on whether the issuance reflects the true agreement of the parties. Where it does so, the responsible corporate representatives may be liable to the company if they are legally at fault for its losses (*Ascent One Properties Ltd. v. Liao*, 2020 BCCA 247, paras 93-96; *Dais v. Virvilis*, 2018 BCSC 459, paras 118-127).

Danyluck Disputed Shares

[25] The shares registered to Mr. Danyluck in the central securities register (“CSR”) which the petitioners seek to cancel (“Danyluck Disputed Shares”) are:

Company	Number of Shares (share certificate)	Date	Allotted/Transferred From
Deleau	1,000 (49A)	July 8, 2022	Mr. Sweezey, in trust re Paul Butler Designs Inc. (9A)
Cascade	1,000 (49A)	July 8, 2022	Mr. Sweezey, in trust re Paul Butler Designs Inc. (9A)

Petitioners Position

[26] The petitioners submit that the Danyluck Disputed Shares could not have been properly issued because they should have been cancelled in 2021.

[27] Under the Option Agreement of January 2019, they were issued to Mr. Sweezey in trust for PBD. The Option Agreement provided that:

- In consideration of Mr. Butler providing material assistance to the Companies, PBD was granted an option to purchase these shares by making a \$150,000 shareholder loan to Deleau by the option deadline of July 31, 2020 (later extended to May 31, 2021).
- If the option was not exercised, Mr. Sweezey was required to surrender these option shares to Deleau and Cascade for cancellation.

[28] The Companies found no evidence that PBD exercised its option by the deadline, or that PBD (or anyone else) made the \$150,000 loan. Thus, the shares should have been surrendered by Mr. Sweezey to the two Companies for cancellation.

[29] The Companies contrast this with the extensive correspondence between Messrs. Ross and Danyluck, in 2021, regarding the Danyluck Westminster and Wine-Barn shares, none of which mention the possibility of Deleau or Cascade shares.

[30] The Companies submit that the Danyluck Disputed Shares also could not have been properly issued to Mr. Danyluck under his Investment Agreement with Deleau, dated May 10, 2022.

[31] This is so for two reasons. First, that Investment Agreement contemplated allotment of 1,000 bonus shares in Avatar not Deleau. Second, s 2.08(v) of the Companies' Shareholders Agreements required a 75% resolution for such an issuance of new shares, which the Companies found no evidence of.

Danyluck Position

[32] Mr. Danyluck's evidence is that he was approached by Mr. Ross in June 2021, to provide architectural services for the project. They agreed for him to invest in Westminster and Wine-Barn and provide architectural services for the project in return for additional shares. His evidence is that the Danyluck Disputed Shares were his compensation for those services.

[33] It is undisputed that Mr. Danyluck's architectural services were required for development permitting, as the project required a professional architect's certification of its plans and drawings.

[34] Mr. Danyluck's evidence is that: (a) in 2021-2022 he provided approximately 2,100 hours of architectural services, equivalent to around \$200,000 of fees, on the understanding that he would be compensated in shares; (b) the Danyluck Disputed Shares were transferred to him in return for this work; (c) at the time of his work and receiving the shares, he was unaware of the legal issues associated with the shares now being raised by the petitioners; and (d) he provided all the architectural services required for the project's permitting applications, but the applications never went to third reading after the Grewal Group took over.

[35] Mr. Danyluck explains the issuance to him of the Danyluck Disputed Shares as follows:

24. I understood as a result of being so informed by Mr. Ross that the shares I was to receive in return for architectural services had originally been

intended for Paul Butler but would instead go to me as I was being brought in to provide the architectural services that Mr. Butler could not.

25. Mr. Butler had prepared a preliminary site design layout for the Properties before I became involved. I redesigned the site layout for the Properties as part of the architectural services that I had agreed to provide.

...

29. I am aware from my own involvement that my architectural drawings attached as Exhibit "C" were to be used by Mr. Ross to try to obtain a development permit for the Properties from the Mission Planning and Engineering Department.
30. I am further aware from my own involvement that Mr. Ross did not complete the process of obtaining a development permit because Grewal Group stepped in to buy the Properties before the permit was obtained. I understand from my own involvement that Grewal Group hired different consultants to prepare a new design based on the same site layout that I had prepared.
31. On June 30, 2022, the same day that I executed the Deleau Shareholders Agreement attached as Exhibit "B" to Mr. Moldon's affidavit, I executed a Governing Agreement and Earnest Money agreement true copies of which are attached as Exhibit "D" to this my affidavit.
32. I understood the services described in paragraph 3 of the Governing Agreement to be a reference to the architectural services that I had provided. I did all of the work described in paragraph 3. As above, however, the permit application never went to Third Reading because Grewal Group stepped in to buy the properties before that happened.
33. I do not know why the Earnest Money agreement references a "bonus unit" of 1,000 shares in Avatar-Oasis Holdings Ltd. I never received shares in Avatar-Oasis.
34. I paid \$10 to Deleau Holdings Ltd. by cheque on or before July 31, 2022. I do believe that lawyer Alex Sweezey would have a copy of that cheque.
35. I do so believe from my own observations that Mr. Ross signed his copies of both agreements attached as Exhibit "D".
36. I received 1,000 Class "A" common shares in Deleau Holdings Ltd. and 1,000 Class "A" common shares in Cascade Falls Developments Ltd. on July 8, 2022. I understood these shares to be my payment for the architectural services that I had provided.
37. The transfer was conducted by Mr. Sweezey, who I understood from my involvement to be the lawyer for the companies involved in the development of the Properties including the petitioners.
38. At the time I received the shares... I noted that there also appeared to be a surrender of shares related to Paul Butler Designs, Inc., but I had limited understanding as to why that surrender was part of a share transfer to me. As above, I had been informed that the shares with which I was being paid had originally been intended for Mr. Butler.

39. In the result, and as a result of being so informed by Mr. Sweezy and Mr. Ross, I did so believe that the shares in Deleau and Cascade had been properly transferred to me as compensation for my architectural services.

PBD Disputed Shares

[36] The shares registered to PBD in the CSR which the petitioners seek to cancel (“PBD Disputed Shares”) are as follows¹:

Company	Share Certificate	Date	Allotted/ Transferred From	Number of Shares
Westminster Heights Holdings Ltd.	11A		Allotment	125
	43A	July 8, 2022	Mr. Sweezy in trust	1,000
Wine-Barn Developments Ltd.	11A		Allotment	125
	43A	July 8, 2022	Mr. Sweezy in trust	1,000
Deleau Holdings Ltd.	10A		Allotment	80
	50A	July 8, 2022	Mr. Sweezy in trust	1,000
Cascade Development Ltd.	10A		Allotment	80
	50A	July 8, 2022	Mr. Sweezy in trust	1,000
Avatar-Oasis Holdings Ltd.	56A	May 10, 2022	Mr. Sweezy in trust	1,000
	57A	July 8, 2022	Allotment	1,000
Mossy Forest Developments Ltd.	56A	May 10, 2022	Mr. Sweezy in trust	1,000
	57A	July 8, 2022	Allotment	1,000

Petitioners Position

[37] As between PBD and the Companies, there were numerous signed Investment Agreements and one Option Agreement and one Performance Trust Agreement. Given the number of shares and agreements in issue, the Companies’

¹ There appears to be some inconsistency regarding the details of these shares in the tables in paragraphs 1 and 23 of the PBD petition. In this table, I have tried to reconcile them as much as possible.

position on each of the PBD Disputed Shares is set out in the attached Schedule A. In summary, the Companies say they found no evidence:

- under the Investment Agreements, of PBD referring investors or paying the requisite \$150,000-\$200,000;
- under the Option Agreement, of PBD exercising the option or making the requisite loan; or
- under the Performance Trust, of PBD achieving the requisite third reading of the rezoning plan.

PBD Position

[38] Much like Mr. Danyluck, PBD submits that the PBD Disputed Shares were received in compensation for Mr. Butler's design and planning services and investment assistance.

[39] Ms. Vernon's affidavit attaches over 200 PBD design drawings for the properties, and she deposes to her understanding the shares were his compensation for this work:

20. I am aware from my own involvement that Paul Butler Design Inc. received shares from the petitioners that I understood, from being so informed by Paul, to be related to either investment in, or design services contributed to, the development of the "Properties". I was not directly involved in those transactions and so cannot speak to precisely how or why those transactions took place.

Analysis

[40] I agree with the respondents that the evidence does not demonstrate that the Disputed Shares were allocated or transferred in error such that they should be nullified under s 230.

[41] First, the corporate records show that, at the time, the transfer and allocation of the Disputed Shares were carefully and thoroughly documented by the Companies' representatives, Messrs. Ross and Sweezey.

[42] For all the Disputed Shares, the CSRs record the share certificate numbers, number of shares, dates of allocation or transfer and the nominal consideration. For

those shares previously allocated to others, they record the date of transfer, the transferee, and include corresponding formal Instruments of Transfer signed by Mr. Sweezey. The Company records also include the corresponding share certificates issued to the respondents for all shares in question, certified by Mr. Ross as company director. This evidence strongly suggests that Messrs. Ross and Sweezey intended the respondents to receive the Disputed Shares and did not transfer or allocate them in error.

[43] Second, the clarity and accuracy of these records suggest that Messrs. Ross and Sweezey did not err by losing sight of the pre-conditions in the applicable Investment, Shareholder and Trust Agreements relied on by the petitioners.

[44] The petitioners have demonstrated that key pre-conditions in these agreements to the allocation and transfer of the Disputed Shares were not satisfied. Nevertheless, in my view, the evidence as a whole, indicates that the Disputed Shares were intentionally given to the respondents despite non-compliance with these pre-conditions. At law, these circumstances could potentially give rise to Messrs. Ross and Sweezey's liability to the Companies for the allocation and transfer of the Disputed Shares contrary to these pre-conditions, though whether that might be so is unclear on the evidence and not an issue for this case.

[45] Third, I accept that the respondents' evidence demonstrates good faith commercial reasons for their receipt of the Disputed Shares as compensation for the services they provided to the project.

[46] Fourth, and related to point three, there is not an evidentiary basis for finding that the respondents knew, or should have known, that they were not entitled to the Disputed Shares in exchange for these services.

[47] Fifth, and finally, the Companies have no evidence from anyone involved at the time that the Disputed Shares were bestowed in error or for anything other than good faith compensation for services.

Conclusion

[48] The petitions are dismissed.

[49] Having found the Disputed Shares should not be cancelled under s 230, I need not address the respondents' alternative argument that the petitioners' s 230 relief was time-barred under the *Limitation Act*.

[50] Costs are awarded to the respondents at Scale B, subject to the parties being able to seek a different order by scheduling a brief case conference within 30 days to discuss how that issue will be managed.

"Coval J."

Schedule A**Westminster**

- In 2018, PBD signed three Investment Agreements with Westminster. Two called for \$200,000 contributions for the allocation of 1,000 shares each, and one for a \$10.00 loan to Westminster in order to be allotted 125 “referral” shares for bringing in three qualified investors.

The Board found no evidence of these payments or referral of the investors.

- In January 2019, PBD was granted an Option to purchase 1,000 Option Shares in Westminster and Wine-Barn, by making an interest-free \$150,000 shareholder loan to Westminster “in consideration of Mr. Butler providing material assistance to the Companies”.

The Board found no evidence of PBD exercising this Option or making a \$150,000 loan to Westminster by the Option Deadline or subsequently.

Pursuant to the Option Agreement, Mr. Sweezey was required to surrender these Option Shares to Westminster and Wine-Barn, and these Companies were required to cancel the Option Shares. Accordingly, there was no basis for the transfer of these 1,000 Option Shares to PBD on July 8.

- On June 30, 2022, PBD entered into another Investment Agreement, which required PBD to make a \$10.00 shareholder loan to Westminster by July 31, 2022, in order to be allotted 1,000 “bonus” shares in Avatar,

The Board says this Investment Agreement does not provide a basis for the transfer of the 1,000 Option Shares to PBD on July 8, 2022 (10A to 43A). The Board found no evidence of:

- i. PBD making this loan;
- ii. records that would justify PBD obtaining 1,000 shares in Westminster (or Avatar) for \$10.00; and
- iii. a shareholder resolution authorizing such share allotment, as required pursuant to s 2.08(v) of the Shareholders Agreement.

Deleau and Cascade

- On October 29, 2018, PBD entered into an Investment Agreement that required PBD to make a \$150,000 interest-free shareholder loan to Deleau by August 31, 2020, in order to be allotted 1,000 shares in Deleau.

The shareholder loan was to be paid in escrow to G&M in trust, and, except for the initial startup capital, G&M would hold the funds in an interest-bearing trust account on behalf of Deleau.

The Board found no evidence of PBD making this loan and there were no shares allotted pursuant to this Investment Agreement.

- On October 29, 2018, PBD entered into another Investment Agreement, which required it to contribute \$10.00 toward the formation and ongoing operations of Deleau, to be paid to G&M in trust by October 31, 2018, which contribution was:

intended to be in conjunction with the Lead Architectural Partner's Performance Contract and subscription for (1 Share Unit) to be "Held in Trust" for faithful performance of the Lead Architect Contract in Deleau Holdings Ltd.

The Board found no evidence of making this contribution to Westminster.

- On November 21, 2018, PBD entered into another Investment Agreement, which required PBD to make a \$10.00 shareholder loan to Deleau in order to be allotted 80 shares in Deleau. These were intended to be "referral" shares that would reward PBD for successfully bringing in two qualified investors into Deleau.

The Board found no evidence of PBD making this loan or having referred two qualified investors to Deleau.

- By Performance Trusts of January 11, 2019, 1,000 Performance Shares in Deleau and Cascade (8A) were allotted to Mr. Sweezey to be held in his name upon a Performance Trust for these Companies. if, at any time before the Performance Deadline of August 1, 2020, Deleau received Third Reading for a rezoning application made by Deleau for 8092, PBD would be deemed to be the beneficial owner of these Performance Shares, and Mr. Sweezey would transfer these Performance Shares to or at the direction of PBD.

On June 25, 2020, the Performance Trusts were amended to extend the Performance Deadline from July 31, 2020 to May 31, 2021.

No rezoning application was made by Deleau, no Third Reading was ever achieved, and, accordingly, these Performance Shares were not earned, and Deleau was required to cancel these shares. Accordingly, there was no basis for the transfer of these 1,000 Performance Shares to PBD on July 8, 2022 (8A to 50A).

- By an Investment Agreement, May 30, 2022, PBD was entitled to 1,000 shares in Deleau if making a \$150,000 shareholder loan to Deleau by June 30, 2022.

The Investment Agreement provided that the shareholder loan was to be paid in escrow to G&M in trust and, except for the initial startup capital, G&M would hold the funds in an interest-bearing trust account on behalf of Deleau and the residual funds after closing would be loaned to Cascade for operating capital.

The Board found no evidence of:

- i. PBD making this loan;
- ii. a shareholder resolution authorizing such share allotment, as required pursuant to s 2.08(v) of the Shareholders Agreement; and

Furthermore, this Investment Agreement deals with share allotment, and does not provide a basis for the transfer of 1,000 Performance Shares to PBD on July 8, 2022 (8A to 50A).

Avatar and Mossy

- Under Performance Trusts, September 19, 2019, 1,000 Performance Shares in Avatar and Mossy were allotted to Mr. Sweezey to be held in his name upon a Performance Trust for these Companies. If, at any time before the Performance Deadline of August 1, 2020, Avatar received Third Reading for a rezoning application made by Avatar for 8056, PBD would be deemed to be the beneficial owner of these Performance Shares, and Mr. Sweezey would transfer these Performance Shares to or at the direction of PBD.

On June 25, 2020, the Performance Trust was amended to extend the Performance Deadline from July 31, 2020 to May 31, 2021.

No rezoning application was made by Avatar and no Third Reading was ever achieved, and, accordingly, these Performance Shares were not earned, and Avatar was required to cancel these shares.

Accordingly, there was no basis for the transfer of these 1,000 Performance Shares to PBD on July 8, 2022.

- Pursuant to an Option Agreement dated January 11, 2019, 1,000 Option Shares in Avatar and Mossy were allotted to Mr. Sweezey to be held in his name upon an Option Trust for these Companies; and in consideration of Mr. Butler providing material assistance to the Companies, PBD was granted an Option to purchase these Option Shares by making an interest-free \$150,000 shareholder loan to Westminster at any time by the Option Deadline of July 31, 2020.

In June, 2020, the Option Agreement was amended to extend the Option Deadline from July 31, 2020 to May 31, 2021.

The Board found no evidence of PBD exercising this Option or making a \$150,000 loan to Avatar by the Option Deadline or subsequently.

Pursuant to the Option Agreement, Mr. Sweezey was required to surrender these Option Shares to Avatar and Mossy, and these Companies were required to cancel the Option Shares.

Accordingly, there was no basis for the transfer of these 1,000 Option Shares to PBD on July 8, 2022.

- On June 20, 2022, PBD entered into an Investment Agreement, which required PBD to make a \$10.00 shareholder loan by July 31, 2022, in order to be allotted 1,000 "bonus" shares in Avatar.

On June 30 2022, PBD entered into an Investment Agreement, which required PBD to make a \$150,000 shareholder loan by July 10, 2022, in order to be allotted 1,000 "bonus" shares in Avatar and Mossy. This shareholder loan would accrue interest at 3.5% per annum.

These Investment Agreements do not provide a basis for the transfer of the 1,000 Performance Shares or the 1,000 Option Shares to PBD on July 8, 2022.

Moreover, the Board found no evidence of:

- i. PBD making these loans;
- ii. records that would justify PBD obtaining 1,000 shares in Avatar and Mossy for \$10.00; and
- iii. a shareholder resolution authorizing these share allotments, as required pursuant to s 2.08(v) of the Shareholders Agreement.