

2025-01-30a Agreement in principle v1

AGREEMENT IN PRINCIPLE

Date: January 30, 2025

Note: This remains a non-binding document intended to outline key concepts and guide further negotiations. The Parties should seek independent legal advice to finalize binding agreements.

1. Parties

1. Shawn Lewenza (hereinafter "Shawn")
2. Greg Saunders (hereinafter "Greg")
3. Jeff Violo (hereinafter "Jeff")

(Collectively, the "Parties.")

2. Background & Purpose

2.1 Athabasca University (AU) Ownership of IP

- Shawn, as a professor at AU, is named inventor on a pending patent related to water testing technologies (the "Technology").
- AU currently holds or controls all patent rights and/or pending patent application rights (the "IP").

2.2 Planned Commercialization

- The Parties intend to commercialize the Technology through a company called Luminous Bio Solutions Inc. ("Luminous"), which will initially license the IP from AU.
- In the future, the Parties anticipate that Lewenza Labs Inc. ("Lewenza Labs," once formed) will acquire the IP rights from AU and subsequently license the IP to Luminous on an exclusive basis in Canada.

2.3 Objective of This Agreement

The purpose of this Agreement in Principle is to set forth the initial understanding regarding:

1. Short-term license from AU to Luminous

2. Future transfer of IP to Lewenza Labs and subsequent exclusive licensing in Canada to Luminous
3. Proposed ownership and voting structures of Luminous and Lewenza Labs
4. A phased approach for implementation

3. Short-Term: Luminous + AU License

3.1 License from AU to Luminous

- Luminous will negotiate and secure an exclusive (or suitably protective) license in Canada from AU for the Technology.
- The license shall permit Luminous to conduct commercial activities, including marketing, customer testing services, and product development.

3.2 Lab Services and Testing

- In the near term, Luminous will arrange for laboratory services through existing commercial labs in Western Canada.
- These arrangements will be documented in Lab Services Agreement(s), setting forth the scope of work, fees, and other terms necessary for commercialization (e.g., water testing, technical analysis, pilot projects).

3.3 Initial Capital Contributions

- The Parties anticipate modest initial cash contributions (e.g., an equal or otherwise agreed amount by each Party) to fund Luminous's startup operations.

4. Future: Lewenza Labs as IP Holder

4.1 Timing of IP Transfer

- Once the patent application is near grant or upon a mutually agreed event (the "Trigger Event"), Lewenza Labs shall be formed (or activated if pre-formed).
- AU transfers or assigns the patent/IP to Lewenza Labs, subject to negotiation of fees, royalties, or other compensation to AU.

4.2 License to Luminous

- Upon transfer, Lewenza Labs shall grant an exclusive license in Canada to Luminous under terms consistent with facilitating commercial use and revenue generation.
- Luminous will pay royalties or license fees (if any) to Lewenza Labs, to be determined in a

definitive license agreement.

4.3 Ownership & Voting Structure of Lewenza Labs

- Shawn will own 100% (or at least a majority) of the voting shares in Lewenza Labs.
- Greg and Jeff may receive non-voting shares or stock options in Lewenza Labs, enabling them to share in potential economic upside without affecting Shawn's voting control.
- The Parties acknowledge the details of such shares or options will be set forth in a Shareholders' Agreement or similar definitive document.

5. Corporate Structure & Governance

5.1 Luminous (Commercial Entity)

5.1.1 Voting Control

- Shawn will hold voting shares (either 100% or a majority stake) in Luminous.

5.1.2 Economic Participation

- Greg and Jeff will hold non-voting common shares in Luminous, granting them a share in dividends, retained earnings, and share appreciation as agreed among the Parties.

5.1.3 Governance & Decision-Making

- Day-to-day operations: Greg and Jeff will lead business development, operations, and sales/marketing.
- Major decisions (e.g., significant capital raises, debt financing, major licensing terms) require Shawn's approval, given his voting control.
- The Parties will incorporate a dispute resolution mechanism (e.g., mediation or arbitration) in definitive agreements.

5.1.4 Phased Equity Adjustments

- The Parties acknowledge Shawn is considering a phase-in for Greg and Jeff's equity, with the intent to reach an agreed-upon share split within approximately 18 months.
- These details shall be documented in a more comprehensive Shareholders' Agreement or Founders' Agreement.

5.2 Lewenza Labs (Future IP Entity)

5.2.1 Initial Ownership

- Upon formation, Shawn will hold 100% (or at least a majority) of voting shares in Lewenza Labs.

5.2.2 Non-Voting Shares/Options

- Greg and Jeff may be granted options or non-voting shares at a defined strike price or formula, enabling them to participate economically in the IP if they wish.
- The specific terms (vesting schedules, exercise price, triggers, etc.) will be set forth in a Shareholders' Agreement.

5.2.3 Primary Role

- Lewenza Labs will exist primarily as the IP holding entity, licensing the patent to Luminous and potentially other commercial partners or projects in the future.
- Shawn's controlling vote ensures his ability to protect the IP and direct licensing strategy.

6. Phased Implementation & Next Steps

6.1 Phase 1: Immediate

- Incorporate or finalize Luminous (if not already formed).
- Finalize a license agreement with AU for Luminous to commence commercial operations in Canada.
- Negotiate initial Lab Services Agreement(s) with existing commercial labs in Western Canada.
- Prepare a short-term Founders' Agreement or Shareholders' Agreement for Luminous, reflecting Shawn's voting control and Greg/Jeff's non-voting equity.

6.2 Phase 2: IP Trigger Event

- Upon near-grant or issuance of the patent, form (or activate) Lewenza Labs.
- Transfer IP from AU to Lewenza Labs under negotiated terms (with AU).
- Execute a definitive license from Lewenza Labs to Luminous, superseding the AU license.

6.3 Phase 3: Further Expansion

- Adjust equity stakes in Luminous (and potentially Lewenza Labs) according to the phase-in plan or as otherwise agreed.
- Expand or modify lab service arrangements if demand increases, including possibly establishing a standalone facility under Luminous or Lewenza Labs.
- Seek additional funding or partnerships as commercial traction develops.

7. General Provisions

7.1 Non-Binding Nature

- This Agreement in Principle is intended as a framework for further discussions. Except for any confidentiality or exclusivity obligations expressly agreed by the Parties, no portion of this Agreement in Principle is legally binding.

7.2 Good Faith Negotiations

The Parties agree to work in good faith to finalize all requisite definitive agreements, including but not limited to:

- Founders' or Shareholders' Agreement(s) for Luminous and Lewenza Labs;
- License Agreement(s) with AU (and later with Lewenza Labs);
- Lab Services Agreement(s) with commercial labs in Western Canada.

7.3 Governing Law

- The Parties intend that the definitive agreements will be governed by the laws of Alberta, subject to any relevant institutional or regulatory requirements.

7.4 Entire Understanding

- This Agreement in Principle represents the current mutual understanding of the Parties on these matters and supersedes any prior discussions or oral statements on the same subjects.

7.5 Further Action

- The Parties agree to take such further actions and execute such documents as may be reasonably necessary to carry out the objectives of this Agreement in Principle.

8. Signatures

IN WITNESS WHEREOF, the Parties hereby acknowledge and accept the foregoing terms as a statement of their current intentions and agree to proceed in good faith to negotiate final and binding agreements.

Shawn Lewenza

Date: _____

Greg Saunders

Date: ____

Jeff Violo

Date: ____

(Signatures on behalf of Luminous Bio Solutions Inc. and/or Lewenza Labs Inc. may be added once those entities are formed or formally organized.)

Disclaimer

This Agreement in Principle is a non-binding outline of current intentions. It does not create enforceable obligations, except for any separate confidentiality or exclusivity commitments the Parties expressly agree upon in writing. Each Party is encouraged to obtain independent legal advice prior to entering into any definitive agreement.