

# SHARE SALE AND SUBSCRIPTION AGREEMENT

entered into by and between

## **MINDHEALTH BIOMED CORP.** ("the Purchaser")

<b>Description and Registration Number</b>	a private company incorporated in Canada with incorporation number 1250817
<b>Physical Address</b>	200 Bay Street, Suite 2010, P.O.Box 10, Toronto On M5J 2J1, Canada
<b>Postal Address</b>	200 Bay Street, Suite 2010, P.O.Box 10, Toronto On M5J 2J1, Canada
<b>Address for notices</b>	200 Bay Street, Suite 2010, P.O.Box 10, Toronto On M5J 2J1, Canada c/o Auxilium Financial
<b>Email Address</b>	

and

## **ORANGE RIVER HOLDING LTD** ("the Seller")

<b>Description and Registration Number</b>	
<b>Physical Address</b>	
<b>Postal Address</b>	
<b>Address for notices</b>	
<b>Email Address</b>	

and

## **MIND HEALTH (PTY) LTD** ("the Company")

<b>Description and Registration Number</b>	a private company incorporated in the Kingdom of Lesotho with registration number 71179
<b>Physical Address</b>	
<b>Postal Address</b>	
<b>Address for notices</b>	
<b>Email Address</b>	

## 1 INTRODUCTION

- 1.1 **Recital.** The Seller is the registered owner of the Sale Shares as at the Effective Date.
- 1.2 **Purchase.** The Purchaser wishes to purchase the Sale Shares from the Seller and the Seller is prepared to sell the Sale Shares to the Purchaser on the terms and subject to the conditions set out below.
- 1.3 **Record of Terms and Conditions.** The Parties wish to record in writing their agreement in respect of the Sale and matters ancillary thereto.

## 2 DEFINITIONS

In this Agreement, unless otherwise indicated by the context -

- 2.1 **"Agreement"** means this Agreement and all Schedules thereto;
- 2.2 **"Beneficiary Notice"** has the meaning assigned thereto in clause 4.1;
- 2.3 **"Beneficiaries"** has the meaning assigned thereto in clause 4.1;
- 2.4 **"Consideration Shares"** means 24,000,000 ordinary shares in the Purchaser;
- 2.5 **"Effective Date"** means 22 May 2020;
- 2.6 **"Parties"** refer collectively to the Seller and the Purchaser, and **"Party"** refers to any one of them as the context may require;
- 2.7 **"Sale"** means the sale of the Sale Shares contemplated in this Agreement; and
- 2.8 **"Sale Shares"** means 5000 shares, comprising 100% of the issued share capital of the Company, registered in the name of the Seller.

## 3 SALE

- 3.1 **Sale.** The Seller hereby sells to the Purchaser who hereby purchases, a 100% legal, registered and beneficial interest in the Sale Shares on the terms and conditions set out in this Agreement. The Sale shall be effective on the Effective Date.
- 3.2 **Ownership and Risk.** The ownership of and all risk in and benefit to the Sale Shares shall pass to the Purchaser on the Effective Date.

3.3 **Indivisible transaction.** The transfer of the Sale Shares by the Seller to the Purchaser, and the settlement of the consideration due in respect thereof by the Purchaser, as set out in clause 4, constitutes one indivisible transaction.

#### 4 **CONSIDERATION AND DISCHARGE**

4.1 **Consideration and Discharge.** The consideration for the Sale Shares shall be discharged by the issuing of the Consideration Shares at a deemed price of \$        per Consideration Share (or \$        in the aggregate) by the Purchaser to the Seller. The Seller shall, by way of written notice to the Purchaser ("**Beneficiary Notice**"), be entitled to instruct that the Purchaser issue the Consideration Shares to such persons or entities listed in the Beneficiary Notice ("**Beneficiaries**") in such proportions set out in the Beneficiary Notice.

4.2 **Consideration Shares.** The Consideration Shares shall be allotted, issued and registered by the Purchaser to the Beneficiaries in the proportions and in accordance with the instructions set out in the Beneficiary Notice, on the Effective Date, against compliance by the Seller with its obligations in terms of clause 4.3.

4.3 **Seller's obligations.** The Seller shall, on the Effective Date, deliver copies of the share certificates in respect of the Sale Shares to the Purchaser electronically, along with a copy of the share transfer form signed by the Seller, as transferor.

4.4 **Purchaser's obligations.** The Purchaser shall, on the Effective Date:

4.4.1 allot and issue the Consideration Shares to the Beneficiaries;

4.4.2 register the Consideration Shares in the names of the Beneficiaries in its share register;

4.4.3 deliver to the Seller written confirmation that it has completed a due diligence review of the Company, its business and the Sale Shares to the Purchaser's sole satisfaction;

4.4.4 deliver electronic copies of the share certificates in respect of the Consideration Shares to the Seller and the Beneficiaries; and

4.4.5 deliver electronic copies of a resolution of Purchaser's board of directors authorising the conclusion and implementation hereof.

- 4.5 **Company's obligations.** The Company shall, on the Effective Date:
- 4.5.1 register the Sale Shares in the name of Purchaser in its share register;
  - 4.5.2 file the transfer of the Sale Shares with the Lesotho Companies Registry, OBFC;
  - 4.5.3 deliver electronic copies of:
    - 4.5.3.1 the updated share register;
    - 4.5.3.2 the share transfer documents filed under clause 4.5.2;
    - 4.5.3.3 a resolution of Company's board of directors approving the Sale and the implementation of the transfer of the Sale Shares.
- 4.6 **Beneficial Vendor.** If requested by any person for whom the Seller is acting as nominee (each a "**Beneficial Vendor**"), the Purchaser and such Beneficial Vendor shall execute a joint election under the provision of Section 85 of the Income Tax Act (Canada) and the corresponding provisions of any other applicable provincial statute in respect of the sale, assignment, conveyance and transfer of such Beneficial Vendor's Sale Shares to the Purchaser. The "elected amount" for the election will be the amount determined by such Beneficial Vendor in compliance with the limits set out in Section 85 of the Income Tax Act (Canada) or the provisions of any other applicable statute. Such Beneficial Vendor shall be responsible for preparing the appropriate tax election form and delivering the same to the Purchaser for its execution. Upon receipt of a completed tax election form, the Purchaser shall execute and promptly return such executed election to such Beneficial Vendor. Such Beneficial Vendor shall be solely responsible for filing such election in a timely manner with the appropriate governmental authority.

## 5 **WARRANTIES**

- 5.1 **Warranties given.** The Seller hereby unconditionally gives to and in favour of the Purchaser the warranties more fully set out in clause 5.3 below, and the Purchaser hereby unconditionally gives to and in favour of the Seller and the Beneficiaries the warranties more fully set out in clause 5.4 below, collectively ("**the Warranties**").
- 5.2 **Terms of the warranties.** Each of the Warranties will:
- 5.2.1 be a separate warranty and will in no way be limited or restricted by inference from the terms of any other warranty or by any other words in this Agreement;

5.2.2 continue and remain in force notwithstanding the completion of any or all the transactions contemplated or referred to in this Agreement;

5.2.3 be given as at the Effective Date.

5.3 **Warranties.** The Seller warrants that:

5.3.1 it is and will be the true and lawful legal and registered owner and holder of the Sale Shares as at the Effective Date;

5.3.2 it is and will be entitled to dispose of its legal and registered interest in the Sale Shares, and the beneficial interest in the Sale Shares on behalf of the Beneficiaries, in accordance with terms of this Agreement;

5.3.3 it is entitled and able to give free and unencumbered title in the Sale Shares to the Purchaser;

5.3.4 there are no amounts of any nature whatsoever owing by the Company to the Seller or the Beneficiaries from any cause whatsoever, including by way of loan account or otherwise, in contract or in delict, actual or contingent, and includes any interest accrued thereon;

5.3.5 the Company has all such licences as are prescribed by law for the conduct of its business in each jurisdiction in which it carries on business, and the Seller is not aware of any fact or circumstance which may result in the cancellation, withdrawal or non-renewal of any of them. The Company's trading licence is annexed hereto as Annexure A;

5.3.6 the Company has received such consents and approvals as are required under Lesotho laws to cultivate, manufacture, produce and export psilocybin as an API. Letters of permission issued by the Lesotho Ministry of Health as well as the Lesotho Narcotics Secretariat is annexed hereto as Annexure B;

5.3.7 the Company has complied with and is not in breach of any laws;

5.3.8 the Company is the sole beneficial owner of all assets of whatsoever nature used by it in respect of its business. None of the assets of the Company is subject to any reservation of ownership, lease, lien, hypothec, mortgage, notarial bond, pledge or other encumbrance whatsoever;

- 5.3.9 all proper tax returns that may have become due by the Company from time to time under any law administered by the relevant revenue authority have been duly made and all tax liabilities have been duly settled;
- 5.3.10 the most recent financial statements of the Company fairly present the financial position, operations and results of the Company for the period to which they relate in all material respect, and any liabilities of the Company incurred since that date have been in the ordinary normal and regular course of business;
- 5.3.11 the Company owns no immovable property;
- 5.3.12 the Company has no employees;
- 5.3.13 the Company is not party to any litigation; and
- 5.3.14 it has made a full and complete disclosure to the Purchaser of the affairs of the Company and all material information of whatsoever nature or kind has been disclosed to the Purchaser which would have been material in the decision of the Purchaser to enter into this Agreement, either at all or on the terms and conditions set out herein.

5.4 **Warranties.** The Purchaser warrants that:

- 5.4.1 it is and will be entitled to issue the Consideration Shares in terms of this Agreement;
- 5.4.2 it is entitled and able to give free and unencumbered title in the Consideration Shares to the Seller and the Beneficiaries;
- 5.4.3 following the share issue, the Consideration Shares shall will constitute 100% of the issued share capital in the Purchaser;
- 5.4.4 it has all such licences as are prescribed by law for the conduct of its business in each jurisdiction in which it carries on business, and the Seller is not aware of any fact or circumstance which may result in the cancellation, withdrawal or non-renewal of any of them;
- 5.4.5 it has complied with and is not in breach of any laws;
- 5.4.6 all proper tax returns that may have become due by the Purchaser from time to time under any law administered by the relevant revenue authority have been duly made and all tax liabilities have been duly settled;

- 5.4.7 it has not traded and has no assets or liabilities;
- 5.4.8 it owns no immovable property nor is it party to any lease agreements;
- 5.4.9 it is not party to any contracts;
- 5.4.10 it has no employees;
- 5.4.11 it owns no intellectual property;
- 5.4.12 it is not party to any litigation; and
- 5.4.13 it has made a full and complete disclosure to the Seller and the Beneficiaries of the affairs of the Purchaser and all material information of whatsoever nature or kind has been disclosed to the Seller and the Beneficiaries which would have been material in the decision of the Seller and the Beneficiaries to enter into this Agreement, either at all or on the terms and conditions set out herein.

## 6 **SELLER AND BENEFICIARIES' REPRESENTATIVE**

It is recorded that the Seller and the Beneficiaries have appointed Jody Aufrichtig to act on its behalf for all purposes under this Agreement, including without limitation to receive notices, to grant approval or consent under the Agreement, to sign any documents on its behalf required to implement the transactions contemplated in this Agreement and to exercise any other rights of the Seller under the Agreement. The Seller shall deliver to the Purchaser written confirmation from each of the Beneficiaries that they elect Jody Aufrichtig as their authorized representative in accordance with this clause 6.

## 7 **BREACH**

7.1 **Breach.** If a Party ("**Defaulting Party**") commits any breach of this Agreement and fails to remedy such breach within 5 (five) business days ("**Notice Period**") of written notice requiring the breach to be remedied, then the Party giving the notice ("**Aggrieved Party**") will be entitled, at its option:

7.1.1 to claim immediate specific performance of any of the Defaulting Party's obligations under this Agreement, with or without claiming damages, whether or not such obligation has fallen due for performance and to require the Defaulting Party to provide security to the satisfaction of the Aggrieved Party for the Defaulting Party's obligations; or

7.1.2 to cancel this Agreement, with or without claiming damages, in which case written notice of the cancellation shall be given to the Defaulting Party, and the cancellation shall take effect on the giving of the notice. Neither Party shall be entitled to cancel this Agreement unless the breach is a material breach. A breach will be deemed to be a material breach if:

7.1.2.1 it is capable of being remedied, but is not so remedied within the Notice Period;  
or

7.1.2.2 it is incapable of being remedied or is not remedied within the Notice Period, and payment in money will compensate for such breach but such payment is not made within the Notice Period.

7.2 **Without prejudice.** The Aggrieved Party's remedies in terms of this clause are without prejudice to any other remedies to which the Aggrieved Party may be entitled in law.

7.3 **No cancellation.** Notwithstanding the foregoing, after the delivery of the Sale Shares on the Effective Date, neither of the Parties will have the right to cancel this Agreement as a result of a breach thereof, and the Parties' only remedies thereafter will be to claim specific performance of all the Defaulting Party's obligations, together with damages, if any.

7.4 **Costs and expenses.** The Defaulting Party shall be liable for all costs and expenses (calculated on an attorney and own client scale) incurred as a result of or in connection with such default.

## 8 NOTICES AND DOMICILIUM

8.1 **Addresses.** The Parties select as their respective *domicilia citandi et executandi* the addresses for notices and email addresses set out on the cover sheets of this Agreement. Likewise the Parties choose such addresses for notices and email addresses for the purposes of giving or sending any other notice provided for or required hereunder, or such other physical address or email as may be substituted by notice given as herein required.

8.2 **English.** All notices shall be drafted in English.



9     **GENERAL**

9.1     **Signature.** The Parties hereby acknowledge that no agreement shall come into place on the terms set out in this Agreement unless and until all Parties to this Agreement have signed same.

9.2     **Invalidity.** If any provision of this Agreement is judged to be invalid, the validity of any other provision shall not be affected and the invalid provision shall be deemed to be deleted; provided however that the Parties shall use their reasonable endeavours to achieve the purpose of the invalid or unenforceable provision by a new legally valid provision.

9.3     **Entire agreement.** This Agreement sets forth the entire understanding of the Parties with regard to the subject matter hereof and supersedes all prior discussions, memoranda of understanding, protocols of intent and similar writings with regard hereto. The Parties waive the right to rely on any alleged express provision not contained in this Agreement.

9.4     **No representations.** None of the Parties may rely on any representation which allegedly induced that Party to enter into this Agreement, unless that representation is recorded in this Agreement.

9.5     **Variation, cancellation and waiver.** No contract varying, adding to, deleting from or cancelling this Agreement, and no waiver of any right under this Agreement, shall be effective unless reduced to writing and signed by or on behalf of all the Parties.

9.6     **Indulgences.** No indulgence granted by a Party nor the partial exercise by any Party of any power, right or privilege shall constitute a waiver or abandonment of any of that Party's powers, rights or privileges under this Agreement and that Party accordingly shall not be precluded, as a consequence of having granted that indulgence or partially exercised any power, right or privilege, from the exercise of that, or any other power, right or privilege, which may have arisen in the past or which may arise in the future.

9.7     **Cession and delegation.** None of the Parties may cede their rights nor delegate their obligations without the prior written consent of any other Parties, which consent shall not be unreasonably withheld.

9.8     **Applicable law and Attornment.** The interpretation, construction and effect of this Agreement and the rights and obligations of the Parties hereto shall be governed by the laws of the Kingdom of Lesotho. The Parties hereby irrevocably attorn to the exclusive

jurisdiction of the Ontario Superior Court of Justice, sitting at Toronto for the resolution of all disputes.

9.9 **Survival of terms.** The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after any such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this.

9.10 **Counterparts.** This Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

<b>Signed at</b>	New South Wales	<b>Date</b>	22 May 2020
<b>For and on behalf of</b>	<b>MINDHEALTH BIOMED CORP</b>		
<b>Name</b>	Gavin Bassarabie	who warrants that he is duly authorised to sign	
<b>Designation</b>	Director		

<b>Signed at</b>	Cape Town	<b>Date</b>	22 May 2020
<b>For and on behalf of</b>	<b>ORANGE RIVER HOLDING LTD</b>		
<b>Name</b>	Jody Aufrichtig	who warrants that he is duly authorised to sign	
<b>Designation</b>	Authorised Representative		

<b>Signed at</b>	Cape Town	<b>Date</b>	22 May 2020
<b>For and on behalf of</b>	<b>MIND HEALTH (PTY) LTD</b>		
<b>Name</b>	Jody Aufrichtig	who warrants that he is duly authorised to sign	
<b>Designation</b>	Director		

## **Annexure A – Mind Health Trading Licence**



**Annexure B – Letters of Permission (psilocybin)**





