

(1) Abba Medix Corp.

and

(2) 9037136 Canada Inc.

and

(3) [REDACTED] \* Name

and

(4) [REDACTED] \* Name

and

(5) [REDACTED] \* Name

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**MEMORANDUM OF UNDERSTANDING**

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**MEMORANDUM OF UNDERSTANDING**

This Memorandum of Understanding (the "Agreement") is made effective as of [REDACTED] (the "Effective Date")

**BETWEEN:**

**ABBA MEDIX CORP.**, a company incorporated under the laws of the Province of Ontario, Canada

(the "Company" or "Abba")

**AND:**

**9037136 CANADA INC.**, a company incorporated under the laws of Canada

("Redecan" or the "Target")

**AND:**

[REDACTED] an individual resident in the Province of Ontario, Canada

[REDACTED]

**AND:**

[REDACTED] an individual resident in the Province of Ontario, Canada

[REDACTED]

**AND:**

[REDACTED] an individual resident in the Province of Ontario, Canada

[REDACTED] and collectively with [REDACTED], the "Vendors")

The Company, the Target and the Vendors are, hereinafter, collectively, referred to as the "Parties" or "parties" and separately as the "Party" or "party".

**WHEREAS:**

- A. The Company is an Ontario corporation established in 2013 to capitalize on the dramatically changing rules governing medical marijuana production in Canada, and has applied to Health Canada to become a licensed producer of medical marijuana under the federal *Marihuana for Medical Purposes Regulations* ("MMPR");
- B. The Company is currently in the process of completing a reverse-takeover transaction (the "Going-Public Transaction"), which would result in the common shares of the resulting issuer of

this transaction ("Pubco") being listed for trading on the Canadian Securities Exchange (the "Stock Exchange"), with the name of Pubco to be changed to "Abba Medix Group Inc." upon approval of same at a meeting of the shareholders of Pubco to be held following the completion of the Going-Public Transaction;

- C. The Target will be the producer of medical marijuana pursuant to a "producer's license" issued by Health Canada to [REDACTED] personally operating as Redecan Pharm, which is valid until June 25, 2015, and [REDACTED] has also applied to Health Canada for an MMPR license as a "seller" of medical marijuana. [REDACTED] undertakes to take all necessary steps to have the above-noted producer's license transferred to the Target and to transfer the pending seller's license to the Target prior to the Closing Date contemplated herein, which shall be subject to Health Canada approval. [REDACTED] shall also take steps to have the name "Redecan Pharm" registered as a business name of the Target; provided however, in the event that the foregoing transfers are not approved by Health Canada, [REDACTED] shall be the sole vendor for the purposes of the transaction contemplated herein and the Purchased Interest (as hereinafter defined) will be the above-noted license(s) together with the inventory of medical marijuana produced by [REDACTED] and all other provisions herein shall in such event apply to [REDACTED] as vendor, mutatis mutandis;
- D. The Company proposes to acquire 100% of the issued and outstanding share capital of the Target from the Vendors (the "Acquisition") on and pursuant to the terms of this Agreement;
- E. Notwithstanding any other provision of this Agreement, the Company and the Vendors, acting reasonably and in good faith, shall use commercially reasonable efforts to negotiate and enter into a definitive acquisition agreement together with such other ancillary agreements, including without limitation the Employment Agreements (as hereinafter defined), referred to therein or contemplated thereby (collectively, the "Definitive Agreements") to the satisfaction of each Party, and their respective counsel, incorporating all of the terms and provisions of this Agreement and subject to this Agreement and the Definitive Agreements receiving the required regulatory approvals, including but not limited to, any required Stock Exchange approvals and approval of Health Canada; and
- F. This Agreement is non-binding (except for the provisions of Sections 6 through 9, Sections 11 through 13 and Section 15 herein, which shall bind the Parties in accordance with their terms) and provides the framework for the Parties to establish the terms and conditions of the Acquisition, which shall be negotiated by the Parties and be incorporated in the Definitive Agreements, which shall supersede this Agreement.

Names

**NOW THEREFORE** in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties herein agree as follows:

**1. ACQUISITION**

- (a) The Company is interested in proceeding with a transaction that is structured as a purchase by the Company of 100% of the legal and beneficial ownership of all of the issued and outstanding common shares of the Target (the "Purchased Interest"), whereby after closing of the Acquisition ("Closing") the Target will be a wholly-owned subsidiary of the Company.

- (b) As consideration for the Purchased Interest, the Company shall pay to the Vendors aggregate consideration of eleven million dollars (\$11,000,000), payable in cash and shares of Pubco (the "Purchase Consideration"), subject to negotiation of the Definitive Agreements.

## 2. CONDITIONS OF CLOSING

The Acquisition of the Purchased Interest shall be subject to the satisfaction of the following conditions:

- (a) The successful negotiation and the entering into of the Definitive Agreements (as defined above) between the Company, the Target and the Vendors, as applicable, providing for the terms and conditions upon which the Acquisition would be completed.
- (b) The cooperation by the Vendors and the Target with the Company to determine the most cost and tax efficient method and structure for the Acquisition. For greater certainty, the Parties agree that the contemplated transaction shall be completed in accordance with subsection 85(1) of the Income Tax Act, which shall include the Vendors and the Company agreeing to jointly file an election under subsection 85(1) of the Income Tax Act to transfer the Purchased Interest to the Company for the Purchase Consideration contemplated herein.
- (c) The full and unconditional cooperation by the Target and the Vendors with the Company for the purpose of the Company's legal and accounting due diligence investigations, in accordance with Section 10 herein.
- (d) The completion by the Company of satisfactory due diligence investigations of the Target and the Vendors, in the Company's sole discretion acting reasonably, and in accordance with Section 10 herein.
- (e) The approval of the Acquisition by the board of directors of the Company.
- (f) The completion of the Going-Public Transaction, which is expected to occur on or around March 13, 2015.
- (g) The receipt of all required regulatory approvals, including without limitation, the approval and consent of the Stock Exchange and Health Canada, if applicable.
- (h) The termination of the Target's current lease for the Target's existing facility, and the successful negotiation (within thirty (30) days of the date of this Agreement) of a twenty-one (21) year lease less one (1) day between the Company and [REDACTED] being the owner of the property on which the existing facility is located (the "Target Property"). Name
- (i) Confirmation that no adverse material change in the business, affairs, financial condition or operations of the Target shall have occurred between the date of this Agreement and the Closing Date (as defined below).
- (j) Confirmation that all existing agreements of the Target remain in good standing as at the Closing Date, and that all required consents of such agreements in relation to a change of control of the Target have been obtained on or prior to the Closing Date.

- (k) The completion of audited financial statements (and related management's discussion and analysis) of the Target prepared by the Company's auditors and at the Company's expense, in compliance with applicable securities laws and the policies of the Stock Exchange.
- (l) The entering into of Employment Agreements as set out in section 3(c), which shall contain terms and conditions that are acceptable to the Vendors' solicitors.
- (m) The full and unconditional cooperation by the Company with the Vendors for the purpose of the Vendors' legal and accounting due diligence investigations, in accordance with section 10(c) and (d) herein.

**3. MANAGEMENT AND GOVERNANCE**

- (a) The Definitive Agreements shall provide that, upon completion of the Acquisition the Vendors shall have the right to one suitable nominee to the board of directors of Pubco, subject to the requirements and approval of the Stock Exchange.
- (b) Upon completion of the Acquisition the Target shall be a wholly-owned subsidiary of the Company. Following Closing and the receipt of any required approval from Health Canada regarding same, the board of directors of the Target shall be comprised of five (5) individuals, two (2) of whom shall be nominated by the Vendors, and three (3) of whom shall be nominated by the Company, all subject to any applicable regulatory requirements.
- (c) The Definitive Agreements shall be conditional on the successful negotiation and execution of definitive employment agreements (the "Employment Agreements") with the following individuals, the terms of which shall be mutually agreed to by the parties prior to Closing:

- (i) <sup>NKme</sup> [REDACTED] will continue to hold the positions of "Master Grower", "senior person in charge", "quality assurance person" and "alternate responsible person in charge" (pursuant to the MMPR) with the Target, which shall be a subsidiary of the Company with an initial annual compensation of \$ [REDACTED] ~~7777~~
- (ii) [REDACTED] will be offered the position of "responsible person in charge" (pursuant to the MMPR) with the Target, with an initial annual compensation of \$ [REDACTED]
- (iii) [REDACTED] will be offered the position of "alternate responsible person in charge" (pursuant to the MMPR) with the Target, with an initial annual compensation of \$ [REDACTED] ~~6000~~

For greater certainty, the terms of the Employment Agreements shall include standard non-competition and non-solicitation provisions and shall provide that, following completion of the Acquisition, [REDACTED] shall be responsible and accountable for managing the day-to-day operations of the Target's medical marijuana production facility (including staffing decisions) and for sourcing additional suppliers and customers in the medical marijuana sector. The Employment Agreements shall each provide for an initial term of five (5) years, renewable for two (2) additional five (5) year terms, and shall provide for three (3) weeks paid vacation during each of the first three

*Name*

years of the term, and four (4) weeks paid vacation during each subsequent year. The Parties agree that the term of the Employment Agreements of [REDACTED] shall be co-terminus with the New Lease (as hereinafter defined). For greater certainty, in the event that the employment of [REDACTED] is terminated by the Company or Redecan, as the case may be, for whatever reason, [REDACTED] shall have the right to terminate the New Lease. Pursuant to the terms of the Employment Agreements, [REDACTED] shall be eligible for performance-based incentive bonuses of an aggregate of [REDACTED] (less total expenses and salaries) earned through the Target's existing facilities (up to maximum aggregate bonuses of \$ [REDACTED] payable to [REDACTED], collectively).

*Name*

*compensation*

- (d) The Company shall provide a benefit package for the management team and employees of the Target facility following Closing.
- (e) The Vendors shall agree to attend monthly management meetings of the Company at the Company's head office in Pickering, Ontario.

#### 4. PAYMENT AND CLOSING

- (a) Closing of the Acquisition shall take place on or prior to the date that is three (3) months from the Effective Date (the "Closing Date"), unless otherwise agreed by the Parties, at the offices of Flett Beccario, 190 Division Street, Welland, Ontario.
- (b) The Purchase Consideration shall be payable to the Vendors as follows:
  - (i) On the Closing Date, the Company shall pay to the Vendors, or as the Vendors' direct, an amount equal to an aggregate of \$3,000,000 by wire transfer, certified cheque or bank draft;
  - (ii) On the Closing Date, the Company shall issue or cause to be issued to (or to the direction of the Vendors, an aggregate of 6,000,000 common shares in the capital of Pubco (the "Consideration Shares"), which the Company represents and warrants have a deemed value of \$0.50 per Consideration Share and having an aggregate deemed value of \$3,000,000 as at the date hereof;
  - (iii) On the date that is six (6) months following the Closing Date (the "Second Payment Date"), the Company shall pay to the Vendors an amount equal to \$2,000,000 together with accrued interest at the rate of four percent (4%) per annum (the "Second Payment Amount");
  - (iv) On the date that is twelve (12) months following the Closing Date, the Company shall pay to the Vendors an amount equal to an aggregate of \$2,000,000 together with accrued interest at the rate of four percent (4%) per annum (the "Third Payment Amount"); and
  - (v) On the date that is fifteen (15) months following the Closing Date, the Company shall pay to the Vendors an amount equal to \$1,000,000 together with accrued interest at the rate of four percent (4%) per annum (the "Fourth Payment Amount").

On Closing, the Company shall issue to the Vendors a promissory note (the "Promissory Note") for an amount equal to the Second Payment Amount, the Third Payment Amount and the Fourth Payment Amount (collectively, the "Post-Closing Payment Amounts"). On Closing the Company shall execute and deliver a security agreement covering all of the common shares representing the Purchased Interest (the "Share Pledge Agreement") to secure the Promissory Note and the Post-Closing Payment Amounts, and shall deliver the share certificate(s) representing the Purchased Interest in the name of the Company, duly endorsed in blank for transfer by the Buyer to be held by the Vendors' solicitors in perfection of the security interest in the common shares representing the Purchased Interest pursuant to the Share Pledge Agreement and the terms of an escrow agreement to be entered into between the Vendors' solicitors, the Vendors and the Company.

- (c) The Company and the Vendors shall review, count, and determine the value of the Target's product inventory immediately following Closing. The Second Payment Amount shall be adjusted by the difference between the value of the Target's inventory on Closing and the value of the Target's inventory as of the date hereof. As of the date of this Agreement, [REDACTED]

[REDACTED] The Vendor shall provide to the Company the calculations and valuations for the Target's inventory upon or prior to Closing. The Vendors shall provide all records relating any sales of inventory prior to Closing and such other documents and records as is reasonably required by the Company. For greater certainty, this adjustment shall only apply in the event the value of product inventory differs on the Closing Date as a result of the sale of product inventory prior to the Closing Date.

- (d) For greater certainty, the Target and the Vendors acknowledge and agree that inventory of the Target shall be the Company's assets on the Closing Date.

## 5. DEFINITIVE AGREEMENTS

- (a) Upon the execution of this Agreement, the Parties shall immediately begin the negotiation in good faith of the Definitive Agreements (including the Employment Agreements) in commercially reasonable form and substance and on the terms otherwise agreed by the parties hereto.

- (b) The Definitive Agreements will contain the usual terms and conditions relating to a share purchase agreement, including without limitation, such representations, warranties, covenants and indemnities of the Vendors as are customary and reasonable for transactions of this size and nature, including regarding title to shares, assets, financial condition, absence of liabilities and encumbrances, absence of pending and threatened litigation, payment of taxes etc., and for greater certainty the Definitive Agreement shall also provide that:

- (i) Upon Closing of the Acquisition, the Company will own all goodwill in connection with the business of the Target, together with the exclusive right to hold itself out as carrying on the business of the Target in succession to the Vendors and to own and have exclusive right to use the name "Redecan Pharm";

*Commercially  
Sensitive  
Information*

- (ii) A new twenty-one (21) year lease less one (1) day (the "New Lease") in respect of the existing facility shall be entered into between the Company and [REDACTED] owner of the Target Property) on the Closing Date; Name
- (iii) The Company shall covenant to use commercially reasonable efforts to fund the expansion and construction of a second facility of up to 50,000 square feet on the Target Property as soon as practicable following Closing, and [REDACTED] and the Company shall agree, each acting reasonably, to amend the New Lease in order to provide for such second facility; Name
- (iv) The Vendors shall provide the Company with a right of first refusal, for the duration of the New Lease, to purchase the Target Property;
- (v) The Company shall covenant not to relocate the Target's existing growing facilities (provided, however, that management of the Target's business, save and except for the functions performed by the Vendors as set out in section 3(c) herein, may be relocated to the Company's head-office or to such other location as may be determined by the Company);
- (vi) The Company shall covenant not to transfer, dispose of or otherwise alter the current "producer's license" or the pending "seller's license" issued by or to be issued by Health Canada, respectively, until the completion of the payment of all Post-Closing Payment Amounts and the termination of the Share Pledge Agreement, without the prior written consent of [REDACTED]; Name
- (vii) The Company shall covenant not to alter the MMPR designations of the individuals listed in Section 3(c)(i), (ii) and (iii) above, until the completion of the payment of all Post-Closing Payment Amounts and the termination of the Share Pledge Agreement;
- (viii) The Vendors shall use their reasonable best efforts to support and maintain 100% of the current clients and production volume of the Target following Closing; and
- (ix) The Vendors shall use their reasonable best efforts to ensure that all customers, suppliers and patients of the Target will continue to source products wherever possible from the Target and the Company following Closing.

**6. EXCLUSIVITY / NON-SOLICITATION OF ALTERNATE TRANSACTION**

- (a) Commencing on the Effective Date and until the earlier of April 30, 2015, the execution of Definitive Agreements or the termination of this Agreement in accordance with Section 9, no Party hereto shall:
  - (i) continue, solicit, initiate, authorize or encourage:
    - (A) any inquiries, offers or proposals from, or negotiations with, any person other than the Parties hereto relating to the acquisition or disposition of an equity interest in a Party; or

- (B) any amalgamation, merger, or other form of business combination involving such Party with any person other than the Parties hereto or any other action not in the ordinary course, which would have a material impact on such party; or
- (C) any take-over bid, reorganization, recapitalization, liquidation or winding-up of, or other business combination or similar transaction involving the Target, the Company or Pubco.

(Collectively, an "Alternate Transaction");

- (ii) enter into any agreement, discussions or negotiations with any third party other than the other parties with respect to an Alternate Transaction or potential Alternate Transaction; or
  - (iii) furnish, or cause to be furnished, any non-public information concerning such party's condition (financial or other), business, properties, assets or prospects to any person, entity or group other than the other parties, relating to an Alternate Transaction;
- (b) It is understood and agreed that as between the Parties hereto, none of them shall solicit, enter into or conduct any discussions with other prospective third parties from the date of signing of this Agreement to the earlier of the termination of this Agreement, the execution of Definitive Agreements or April 30, 2015, to transfer or sell in any way any assets of a Party, other than in the ordinary course of business, or an equity interest either of the Parties under an Alternate Transaction.
- (c) The Target and the Vendors acknowledge and agree that the Going-Public Transaction is not an Alternate Transaction for the purpose of this Section 6 and Section 7, and that any discussions or negotiations or the completion of any transaction or transactions by the Company in connection with the Going-Public Transaction shall not be considered a breach of this Agreement.

## **7. BREACH OF EXCLUSIVITY**

The Parties agree that, in the event of a breach of Section 6 by a Party, the other Parties shall be irreparably damaged and that: (a) in the event of such a breach by the Vendors or the Target, the Vendors and the Target shall pay to the Company an amount equal to \$200,000 in cash or in other immediately available funds (the "Termination Payment") to an account designated by the Company, and (b) in the event of such a breach by the Company, the Company shall pay to the Vendors an aggregate amount equal to the Termination Payment amount. Such payment shall be made immediately upon the entering into of any agreement (including without limitation, a letter of Intent or term sheet) which results in or is in furtherance of a breach of this provision. The Parties hereby acknowledge that the Termination Payment amount set out in this subparagraph is a payment of liquidated damages which is a pre-estimate of the damages which the other Parties will suffer or incur as a result of the event giving rise to such damages and is not a penalty. The Parties each hereby irrevocably waives any right they may have to raise as a defence that any such liquidated damages are excessive or punitive.

## **8. CONFIDENTIAL INFORMATION**

- (a) The Parties agree to keep confidential such information as they may from time to time disclose regarding the other Party's business affairs, technology, know-how, finances, marketing plans and customers, including without limiting the foregoing, information on the products, services, clients, customers, potential customers, and sales and marketing results and business plans, irrespective of how such information is disclosed to or received by such Party and whether or not such information is identified as confidential (the "Confidential Information"). The parties agree that they will not, in whole or in part, now or at any time, disclose such information unless authorized in writing by the applicable party.
- (b) Upon request by a party (a "disclosing party"), all Confidential Information provided to the other parties or a party, as the case may be, and any copies thereof, or any documents which have been prepared by such party which contain excerpts, data, information and/or conclusions generated from Confidential Information of the disclosing party will be, at that party's option, either returned promptly to the disclosing party or destroyed.

#### **9. TERMINATION**

Subject to the provisions of this Agreement, the term of this Agreement shall commence on the Effective Date and shall terminate on April 30, 2015. This Agreement may also be terminated by any Party upon the mutual agreement in writing of all Parties to so terminate it at any time.

#### **10. DUE DILIGENCE**

- (a) Promptly following the execution of this Agreement, the Target and the Vendors will allow the Company and its employees, affiliates, agents and advisors, to have access to due diligence materials with respect to the Target. Any information obtained by the Company (or its employees, affiliates, agents and advisors) as a result thereof shall be considered Confidential Information and subject to Section 8 herein.
- (b) The Company shall use the utmost care and good faith in obtaining and maintaining any information in confidence in connection with this Agreement, and during all the stages of the negotiation, including inter alia the due diligence review, until the Closing of the Acquisition and/or the termination of this Agreement any time before the Closing. The Parties will cooperate to complete due diligence no later than thirty (30) days from the Effective Date (or such other date as mutually agreed by the Parties).
- (c) The Vendors also shall have the full right to conduct their own due diligence on the Company, its shareholders, and Pubco in order to assure that all the information forwarded by the Company is genuine and the Company is in a position to pay the Purchase Consideration payable on Closing of the Acquisition and the Post-Closing Payment Amounts. The Company shall fully cooperate with the Vendors on their due diligence.
- (d) The Vendors fully and unconditionally agree that they will fully and without any limitation cooperate with the Company on the due diligence contemplated herein. The Vendors shall, upon request, provide to the Company all information including but not limited to details of operations, intellectual property, assets, liabilities, financials, contracts, contingent liabilities (in the balance sheet), lien of assets, etc. on the Target

and the Vendors, as the case may be. The foregoing shall apply mutatis mutandis to the Company and Pubco in connection with the Vendors' due diligence contemplated herein.

#### **11. EXPENSES**

The Company, the Target and the Vendors will pay their respective costs, fees and expenses related to the Acquisition, the negotiation of the Definitive Agreements and the transactions contemplated hereby and thereby.

It is clearly agreed and understood by all Parties that the Company will pay all the expenses related to the due diligence, the Definitive Agreements and others in regards to the transaction and the Closing contemplated hereby and thereby.

#### **12. CONDUCT IN ORDINARY COURSE**

- (a) From the date hereof to the Closing, the Vendors shall cause the operations of the Target (including the working capital and capital expenditures) to be conducted in all material respects in the ordinary course in substantially the same manner as currently conducted (for greater certainty, the ordinary course of operations for the Target shall include the orderly sale of inventory upon receiving the required "seller's license" from Health Canada) and use best efforts to preserve in all material respects intact the present business operations and organizations and shall use reasonable best efforts to preserve in all material respects its relationships with customers, suppliers and others having business dealings with the Target, and shall not engage in any practices or transactions during the period of negotiating and consummating the transaction contemplated herein that would adversely affect the value of the Target's business or assets.
- (b) Subject to subparagraph (a) above, from the Effective Date until the earlier of the termination of this Agreement or the Closing Date, the Vendors and the Company agree not to renew, extend or otherwise bind the Target in any contracts, agreements or commitments of any kind without the prior written consent of the Company.
- (c) As soon as is practicable following execution of this Agreement, the Company's compliance consultant will visit the Target facility to conduct due diligence and provide guidance to the Target and the Vendors in respect of the implementation of procedures, protocols and best practices in light of Health Canada review and the MMPR. Implementation of any such suggestions shall be at the sole and unfettered discretion of the Vendors;
- (d) In lieu of a non-refundable deposit, as soon as is practicable following execution of this Agreement, the Company shall arrange to pay for certain electrical and lighting improvements at the Target's facilities, and arrange and pay for any further equipment, improvements or renovations required to comply with Health Canada's MMPR licensing requirements and/or pursuant to applicable legislation, including without limitation, the construction of a new "trim room" and "dry room" and the pouring of concrete throughout the existing facility as well as the acquisition of necessary odour abatement equipment at the Target's facilities.

- (e) Should the Target complete any additional leasehold improvements beyond those required by subparagraph (d) above, between January 31, 2015 and the Closing Date, on Closing the Company shall reimburse the Target for the costs and expenses associated with any such additional improvements, provided however that the Target shall provide the Company with detailed itemized invoices for any such improvements and shall provide the Company with access to its facilities prior to Closing as may be reasonably required in order to confirm that any new improvements were completed after January 31, 2015.

**13. PUBLIC ANNOUNCEMENT**

The Company, the Target and the Vendors agree that, except to the extent required by law, no party shall make any public announcement of the transaction contemplated herein without the consent and approval of all Parties. It is understood that the Company may be obligated by law or regulation to make a public announcement of the transaction and, to the extent possible, notification to the other parties will precede any such public announcement in which case the Company shall consult with the Vendors in terms of the content of such announcement.

**14. REPRESENTATIONS AND WARRANTIES**

- (a) Consents, Approvals and Conflicts: None of the execution and delivery of this Agreement by each Party, the performance by each Party of any obligations hereunder and the compliance by each Party with the provisions of this Agreement do, or will, conflict with, or result in any breach or violation of, any of the provisions of, or constitute a default under, any other agreement or instrument to which the Parties are a party or any other obligations of the Parties and are and will be valid and, where applicable, legally binding obligations of the Party enforceable against it in accordance with the terms hereto.
- (b) Compliance with all Laws: In performance of their obligations under this Agreement, the Parties agree to comply in all respects with the applicable laws of the Province of Ontario and the federal laws of Canada applicable therein.

**15. GENERAL**

- (a) Governing Law: This Agreement and any disputes or claims arising out of or in connection with its subject matter shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and the parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of Ontario.
- (b) Non-Binding Agreement and Survival: This Agreement constitutes a memorandum of understanding only and shall not be construed or constituted as an enforceable legal agreement, except for Sections 6 through 9, Sections 11 through 13 and Section 15 of this Agreement which, the parties hereto agree shall create legal obligations and liabilities, the consideration for which shall be the mutual covenants of the parties contained herein, and which shall survive the termination hereof in accordance with their terms.

- (c) **Indemnity:** Each Party shall hold the other Party and any of affiliates and subsidiaries of such Party harmless from any and all claims, suits, expenses (including legal fees), losses and liability arising out of or related to (i) that Party's breach of this Agreement, and (ii) any negligent act or omission of that Party in the performance of this Agreement.
- (d) **Entire Agreement:** This Agreement constitutes the entire agreement and understanding between the Parties and supersedes all prior agreements and understandings, both written and oral, between the Parties hereto with respect to the subject matter hereof.
- (e) **Assignment:** The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the Parties and their respective, heirs, executors, administrators, successors and permitted assigns. No Party may assign their rights or delegate their obligations under this Agreement without the prior written consent of the other Parties.
- (f) **Waiver:** None of the terms or conditions of this Agreement may be waived except in writing by the Parties, which are entitled to the benefits thereof. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the Company, the Target and the Vendors.
- (g) **Notice:** All notices under this Agreement shall be in writing and shall be given to the Parties at their respective addresses set forth above, or by fax or email.

(i) in the case of the Company:

Abba Medix Corp.  
1773 bayly Street  
Pickering, Ontario L1W-2Y7  
Tel. 905-492-9420  
Attn: Ray Ahmad Rasouli, CEO, SPIC  
Email: rayrasouli@abbamedix.com

(ii) In the case of the Target:

9037136 Canada Inc  
[Redacted]  
[Redacted] IO  
[Redacted]  
Attn: [Redacted]  
Email: [Redacted] ca

*Name  
and  
address*

(iii) In the case of [Redacted]

[Redacted]  
(same as Target, above)

(iv) In the case of [Redacted]

[Redacted]  
(same as Target, above)

Email [REDACTED]

(v) In the case of [REDACTED]

- [REDACTED]
- (h) **Changes in Writing:** Any changes or modifications to this Agreement shall be executed in writing and be secured by mutual endorsements by of all the Parties.
- (i) **Illegality:** If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws by any court of competent jurisdiction, such illegality, invalidity or unenforceability shall not affect the legality, enforceability or validity of any other provisions or of the same provision as applied to any other fact or circumstance and such illegal, unenforceable or invalid provision shall be modified to the minimum extent necessary to make such provision legal, valid or enforceable, as the case may be.
- (j) **Severability:** If any covenant or provision in this Agreement is determined to be void or unenforceable in whole or in part, it shall be deemed be severable from this Agreement and to not affect or impair the enforceability or validity of any other covenant or provision of this Agreement or any part of such covenant or provision.
- (k) **Counterparts:** This Agreement may be executed in counterpart, by facsimile, emailed scanned copy, each of which so executed shall be deemed to be original and together shall be deemed to constitute one and the same instrument.
- (l) **Waiver and Cumulative Remedies:** No failure or delay by any party in exercising any right under this Agreement shall constitute a waiver of that right or any other right. Other than as expressly stated herein, the remedies provided herein are in addition to, and not exclusive of, any other legal remedies of the Parties.

[The remainder of this page left intentionally blank]

IN WITNESS WHEREOF the parties have executed this Agreement effective as of the Effective Date on the \_\_\_\_\_ day of \_\_\_\_\_, 2015

ABBA MEDIX CORP.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

9037136 CANADA INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Director

WITNESS

\_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_  
Name

WITNESS

\_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_  
Name

WITNESS

\_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_  
Name