

October 17, 2017

Absorbent Concepts Incorporated
c/o Mr. Peter Scales
#306-31127 Wheel Avenue
Abbotsford, B.C.
V2T 6H1

Binding Letter of Intent: Acquisition of Absorbent Concepts Inc. by Pivot Pharmaceuticals Inc.

Dear Peter,

Pivot Pharmaceuticals Inc. ("Pivot") and its wholly-owned subsidiary Pivot Green Stream Inc. ("PGS") are pleased to submit this proposal outlining the acquisition of Absorbent Concepts Incorporated ("ACI" or the "Company"). Following the receipt of preliminary due diligence items, we are excited about ACI's existing hemp processing business as well as future opportunities related to Health Canada's amendment of ACI's current Industrial Hemp License.

Pivot believes the acquisition of ACI results in substantial synergies that will propel the combined entity to bring relevant health care products to market at a faster pace by leveraging each team's strengths and assets. In particular, our team consists of medical practitioners, researchers and seasoned pharmaceutical executives who can provide ACI with the know-how to develop a robust pipeline of both natural and pharmaceutical grade products. In addition, Pivot's management has successfully financed several pharmaceutical companies and has significant capital markets experience.

Consideration:

Pivot is prepared to offer ACI shareholders (the "Vendors") [REDACTED] common shares of Pivot Pharmaceuticals [REDACTED] in exchange for **100% of the equity of ACI** (the "Consideration"). The Consideration is based on a Total Enterprise Value ("TEV") of the Company of [REDACTED]. The shares will be subject to an escrow agreement with a minimum restriction period of 6 months and release of 25% of the shares per financial quarter thereafter.

In addition to expanding ACI's current business operations to increase product offerings and revenue, Pivot is committed to assisting ACI move into CBD extraction from hemp and the Pivot team will assist ACI in obtaining such license amendments and additions necessary by offering any and all resources and contacts available to us.

ACI will provide a budget, business plan and financial projections before the closing of this transaction so that Pivot's Board can secure the necessary funding and execute on the plan. Upon closing of this Transaction, Pivot agrees to invest a minimum of **\$2,000,000** CAD to assist with the expansion of ACI's lab, kitchen, and protein extraction facilities with the intention of creating a world class R & D facility, including a high output CBD extraction centre.

ACI Secured and Unsecured Liabilities

The Shareholder Loans outstanding totalling approximately [REDACTED] will be retired as follows: [REDACTED] payable in cash plus [REDACTED] Common Shares [REDACTED] of Pivot at the same terms and prices previously described in this Letter of Intent.

ACI's Business Development Bank of Canada (BDC) and Vancity Savings Credit Union Loans will be paid out in full, negating any personal guarantees provided by Peter Scales, with the exception of the personal guarantee for the Vancity Operating Line.

Business Operations:

Post-close, it is Pivot's expectation that ACI continues to operate in a manner consistent with historical operations: Peter Scales and Alexander Scales, comprising the ACI senior management team, will continue providing leadership for a minimum of three years, insuring sustainability and growth of the company and promotion of brand names, products and ACI's reputation in the market.

Due Diligence:

Our Proposal assumes the satisfactory completion of our diligence. The areas that we will focus on prior to entering into a formal purchase and sale agreement include, but are not limited to, the following:

1. **Commercial:** We will complete a review of the relevant hemp and CBD industry, trade and regulatory dynamics.
2. **Business:** We will complete a review of the Company's business prospects, growth strategies, customers base, operations, and human resources, among other topics.
3. **Financial and Accounting:** We will complete a review of historical and projected financial results, with focus on the Company's profitability, cash flow and capital required to fund new business prospects.
4. **Legal:** We will complete a review of the Company's contracts and records, and employee contracts.
5. **Management:** Throughout the due diligence period, we will assess management, as well as conduct formal background and reference checks.
6. **Intellectual Property:** Assessment of any current or potential IP.

We anticipate substantial completion of our due diligence process within 40 days of the signing of this Proposal and closing of the transaction on or before November 30, 2017.

In connection with the due diligence process, and the Vendors agree to co-operate with Pivot and Pivot's advisors by providing access to the Company and its assets and premises, and will provide us with such information and material concerning the Company and the assets as we may reasonably request. We will coordinate our due diligence efforts with you as to minimize the impact on the Company and employees.

Pivot Board Approval:

The proposed transaction is subject to final approval from Pivot's Board of Directors. Members of the Board are aware of the opportunity and support the Proposal as outlined herein.

Exclusivity:

The Vendors agree to negotiate exclusively with Pivot for the acquisition of ACI from the date of acceptance of this Proposal until **November 30, 2017**, the expected closing date of the transaction (“Exclusivity Period”). During the Exclusivity Period, the Vendors agree:

1. To cause all of its officers, employees, representatives, advisors, and agents to immediately terminate all discussions regarding, in furtherance of or otherwise directly or indirectly relating to any Sale Transaction (as defined below) with respect to the Company with other potential direct or indirect purchasers (“Interested Third Parties”) of the Company or any debt or equity securities or other interest of the Company or any material portion of its assets; and
2. Not to, directly or indirectly, solicit or initiate or enter into discussions, contracts, agreements, understandings or transactions with, or encourage or provide any information to any Interested Third Parties concerning the sale of any of the business or assets of the Company or any debt or equity securities or other interests of the Company.

Fees and Expenses:

Pivot shall pay all respective fees and expenses in connection with the Transaction contemplated herein.

Conditions:

This Proposal is subject to the due diligence outlined herein, and negotiation and finalization of a Definitive Agreement in a form acceptable to Pivot and containing customary representations, warranties and indemnities. The execution of the Definitive Agreement and subsequent closing the Transaction would be subject to, among other conditions:

1. A management team being in place on terms and conditions satisfactory to Pivot;
2. No material adverse change having occurred with respect to the Company, its performance or assets prior to the closing date; and
3. Such other conditions as are customary and that Pivot’s and ACI’s legal counsel may reasonably recommend.

Confidentiality:

This Proposal is being delivered by Pivot to you on the understanding that it is to be treated as strictly confidential by the Company and, without the prior written consent of Pivot, no disclosure of its existence or contents of any negotiations following from it is to be made either publicly or to any third party.

PIVOT PHARMACEUTICALS INC.

/s/ Ahmad Doroudian

Ahmad Doroudian, Chairman

ABSORBENT CONCEPTS INCORPORATED

/s/ Pete Scales

Peter Scales, CEO