

SERVICES AGREEMENT

This SERVICES AGREEMENT (this “**Agreement**”) is entered into effective as of April 19, 2018 (“**Agreement Date**”), by and between Bio Harvest Ltd., an Israeli company incorporated under the laws of the State of Israel, with a principal office at 3 Pekeris St. Rehovot, Israel (“**Bio Harvest**”), and Dolarin Ltd., an Israeli company incorporated under the laws of the State of Israel, with a principal office at 3 Pekeris St. Rehovot, Israel (the “**Company**”; each of the above are referred to herein as a “**Party**” and collectively as the “**Parties**”).

BACKGROUND

WHEREAS Simultaneously with the execution of this Agreement, the Company and Bio Harvest enter into a license agreement (hereinafter the “**License Agreement**”); and

WHEREAS The Company wishes Bio Harvest to perform certain limited research, development and commercialization of the Technology within the Field (as such terms are defined under the License Agreement) (hereinafter the “**Research**”) pursuant to the agreed plan and budget, as may be amended or supplemented from time to time in accordance with Sections 3, 5 and 9 hereof (hereinafter “**Research Program**” and “**Research Budget**” attached as **Appendix A1** and **Appendix A2** hereto).

Now Therefore it is Agreed, Stipulated and Declared by the Parties as follows:

1. The Research Implementation

1.1 Capitalized terms not otherwise defined in this Agreement, shall have the meaning ascribed to them in the License Agreement.

1.2 The Company hereby wishes Bio Harvest to perform the Research, and Bio Harvest hereby undertakes to perform the Research in accordance with acceptable professional scientific standards and the Research Program and on a ‘*Commercially Reasonable Efforts Basis*’.

1.3 Bio Harvest does not guarantee the success of the Research or the commercial potential and exploitation of the results thereof.

1.4 Bio Harvest shall provide, in accordance with (and by utilizing the funds provided under) the Research Budget, the equipment, materials, facilities, personnel and other resources required for the implementation of its obligations under the Research Budget and Research Program, including making available its applicable employees for the performance of such obligations as specified in such Research Budget and Research Program.

1.5 Notwithstanding anything contained herein or elsewhere to the contrary, any and all activities of the parties in connection with this Agreement shall be at the sole cost and expenses of the Company, and Bio Harvest shall not be required to bear any costs or expenses in connection with this Agreement or any of the transactions contemplated hereby. Without derogating from the foregoing, Bio Harvest believes in good faith that the Research Budget is reasonably sufficient to perform the Original R&D Activities.

1.6 Bio Harvest represents that it (i) is duly organized and validly existing and has the full corporate power and authority to enter into this Agreement and to carry out the provisions hereof; (ii) has obtained or will do commercially reasonable efforts to obtain (by utilizing the Research Budget) all requisite regulatory approvals, consents, licenses and/or permits required by any applicable laws or otherwise for carrying out its undertakings hereunder; (iii) has the ability, expertise and skills required to perform all its obligations under this Agreement and it shall perform its obligations hereunder in an expert and professional manner.

2. Research Period

2.1 The performance of the Research by Bio Harvest shall be made in accordance with the Research Program and Research Budget, shall commence on the Effective Date (as defined in the License Agreement) and shall remain in effect for a period set forth in the Research Budget, in each case as may be updated or supplemented from time to time in accordance with Sections 3.1, 5 and 9 of this Agreement (hereinafter "**Research Period**"). The initial Research Program and Research Budget have been prepared in good faith by Bio Harvest.

2.2 The initial Research Period shall be 16 months from the Effective Date, during which Bio Harvest shall use commercially reasonable efforts to perform the tasks set forth in Research Program and Research Budget attached hereto on the Effective Date ("**Original R&D Activities**"). In the event that Bio Harvest does not complete such Original R&D Activities within such initial 16-month period, then - unless the Company informs Bio Harvest that it should cease performing such R&D Activities, by way of a 60-day advance written notice to Bio Harvest, which notice may be provided by the Company at any time after such initial 16-month period and after Bio Harvest's notice to the Company of such expected incompleteness of the Original R&D Activities - Bio Harvest will continue to do commercially reasonable efforts to perform such Original R&D Activities (regardless of whether or not they are successfully completed) for a period of up to additional 16 months thereafter, either (i) in accordance with a budget mutually agreed by the Parties; or (ii) in the event the Parties fail to agree on such budget, against a monthly payment of \$100,000, provided, that nothing herein shall be construed as an obligation of Bio Harvest to successfully complete any Original R&D Activities.

2.3 This Agreement shall commence on the Agreement Date, and the rights and obligations of the Parties hereunder shall become effective on the Effective Date and remain in force for the duration of the Research Period and thereafter with respect to any further development plan agreed to by the Parties and may only be terminated (i) by Bio Harvest - upon failure by the Company to pay to Bio Harvest any portion of the Budget Research when due hereunder, if such failure was not cured within 7 Business Days from the date of the written notice (including by email) provided by Bio Harvest detailing the failure, or (ii) by any Party - upon breach (other than as described in clause (i) above) by the other Party, if such breach was not cured within 60 days from the date of the notice provided by the non-breaching Party detailing the breach, or (iii) by the Company - in the event of the failure by Bio Harvest, in spite of its commercially reasonable efforts, to obtain all requisite regulatory approvals, consents, licenses and/or permits required by any applicable laws or otherwise, if such failure was not cured within 90 days from the date of the notice provided by the Company detailing the failure.

3. The Consideration

3.1 The Research Budget shall be transferred to Bio Harvest in consideration for the performance of the Research Program and shall be paid on a quarterly basis at least 15 Business Days in advance of the quarter to which it applies, all in accordance with the timetable set forth in the Research Program. It is further agreed that upon the written request of Bio Harvest for any amendment of the Budget, such change shall be subject to the written approval of the Steering Committee.

3.2 The Research Budget shall equal the product of (i) the Cost of Services multiplied by (ii) the sum of (a) one (1) plus (b) the Mark-Up Rate (as defined below).

"Cost of Services" means the sum of (i) all direct costs and expenditures incurred by Bio Harvest and attributable to the services provided by Bio Harvest under this Agreement, excluding however, to the extent permitted by applicable laws, share of stock, stock options or other stock-based compensation issued to employees, consultants, service providers, officers or

directors of Bio Harvest and any costs or expense related thereto, financing expenses (e.g. interest income or expense, exchange gain or losses and other financial costs), taxes based on income, donations, fines or any expenses of third parties that are of the nature of pass-through expenses, plus (ii) that portion of Bio Harvest's general and administrative expenses, IT and facilities expenses that are allocated to the services under this Agreement (excluding however, to the extent permitted by applicable laws, share of stock, stock options or other stock-based compensation issued to employees, consultants, service providers, officers or directors of Bio Harvest and any costs or expense related thereto).

The "Mark-Up Rate" shall mean an amount, expressed as a percentage (initially, 10%), that shall be determined on an arm's length basis, reflecting the consideration which would be applicable to similar third-party transactions. The Mark-Up Rate shall be consistent with a valid and relevant transfer pricing study ("TP Study"), performed by a third party designated by the Parties. The TP Study shall be prepared in accordance and consistent with both Canadian and Israeli transfer pricing principles and regulations. The Mark-Up Rate will be reviewed on a periodic basis and may be modified in accordance with any future TP Study.

3.3 In the event of termination of this Agreement by the Company due to a breach by Bio Harvest of its undertakings pursuant to this Agreement which were not cured within 60 days after written notice of the breach, then, Bio Harvest will return to the Company the unused amount of the total Research Budget already transferred to Bio Harvest at such time, excluding however the following: (i) any payments made or to be made by Bio Harvest with respect to prior commitments pursuant to the Research; and (ii) non-cancelable and/or non-refundable expenses made by Bio Harvest.

3.4 Any default in payment in excess of fourteen (14) days past the due date shall be deemed to be a material breach of this Agreement and shall bear interest up to the date of actual payment, at the rate of 1% per month (or part thereof), in addition to any remedy and/or right which may be available to Bio Harvest pursuant to this Agreement and/or according to applicable laws.

4. Confidentiality Obligations

The provisions of Section 5 of the License Agreement shall apply to the Confidential Information disclosed or received by either Party hereunder, which provisions are incorporated by reference into this Agreement to constitute an integral part hereof.

5. Steering Committee; Reporting, Information, Access

5.1 Promptly following the date of this Agreement, each Party shall appoint a qualified representative (who, in the case of the Company, shall be the Company Representative, as defined below) to a steering committee ("Steering Committee"), which shall (i) oversee contact between the Parties for all matters under this Agreement, (ii) increase, amend or update the Research Program or Research Budget, but not reduce the Original R&D Activities nor reduce any previously approved Research Program or Research Budget, and (iii) have such other responsibilities as the Parties may agree in writing. The Steering Committee shall meet on a quarterly basis or as reasonably required by a Party from time to time. Either Party may replace its Steering Committee's representative at any time by notice in writing to the other Party. All decisions of such Steering Committee shall be taken by way of a mutual consent of both of its members.

5.2 Record keeping.

5.2.1 Bio Harvest shall maintain records of all research and development activities undertaken in connection with the Research Program, in sufficient detail and in good scientific manner, including with respect to work done and results achieved hereunder, in the form required under applicable laws and regulations.

5.2.2 Within sixty (60) days as of completion of the Research Program, Bio Harvest shall present the Company with a final written report summarizing the activities performed thereunder, and shall deliver to the Company all of the Research results, including any data and information enabling the Company to use same for commercialization thereof.

5.3 Bio Harvest shall allow a Company's qualified representative (subject to execution of a confidentiality agreement by such representatives), who shall be a member of its Board of Directors ("**Company Representative**"), upon reasonable notice and at reasonable times, access to the premises where the Research is conducted, as well as access to the Research logs and books of account, as reasonably required for such Company Representative to verify Bio Harvest's reports and see that Bio Harvest is performing the Original R&D Activities in accordance with the Research Program and Research Budget, including to enable such Company Representative to inspect actual Bio Harvest's research expenditures in comparison to the Research Budget.

5.4 Without derogating from the foregoing, within thirty (30) days of the end of each calendar year following the Effective Date, Bio Harvest shall provide the Company Representative with a written report in reasonable detail covering the preceding calendar year of its activities hereunder.

6. Publication and Non-Use of Name and Logo

Either Party is restricted from using the name and/or logo of the other Party and/or its personnel without receiving the prior written consent of such Party, including without limitation, publishing the abovementioned names in relation with the Research and/or its results, in any way.

7. Intellectual Proprietary Rights

7.1 All right, title and interest in and to any and all of a Party's intellectual property rights shall remain solely and exclusively with the respective Party.

7.2 Unless otherwise agreed in writing, all intellectual property rights in and to any know-how, information, data, material related to the Research, including any Future IP developed, created or conceived by Bio Harvest alone or together with the Company pursuant to this Agreement (the "**Research Results**") shall vest solely in Bio Harvest, and - to the extent related to the Technology - shall be deemed to be a part of Technology that may be Exploited by the Company within the Field pursuant to the provisions of the License Agreement.

8. Liability

Bio Harvest and its personnel shall not bear any responsibility and liability for any damages, losses and expenses of any sort and kind which may be caused to the Company and/or to any third party as a result of the Research and/or the Research Results and/or the application and exploitation thereof; provided however that Bio Harvest shall be responsible and liable for the damages, losses and expenses reasonably attributable to Bio Harvest's gross negligence or willful misconduct. Notwithstanding anything to the contrary, the provisions of Section 11.5 of the License Agreement with regard to indirect, incidental, consequential or punitive damages apply to the Parties' engagement hereunder, and the liability of Bio Harvest in connection with this Agreement shall be subject to the cap and other limitations on Bio Harvest's liability as set forth in the License Agreement.

9. Exclusivity

The parties herein agree that:

9.1 Any research, development or related services to be performed by or for the Company in connection with the Licensed Know-How, Licensed Patent Rights and Technology or the Licensed Products (as such terms are defined in the License Agreement), shall be performed exclusively by Bio Harvest based on a commercially reasonable (in all applicable respects) plan and related budget mutually agreed upon by the Parties, unless Bio Harvest, with respect to a specific reasonable plan and related budget, has informed the Company in writing of its unwillingness to perform such development or manufacturing in which case the Company may (within 3 months from such notice) engage with any third party for the performance of such plan and such budget subject to the terms of the License Agreement.

9.2 In the event the Company elects from time to time to outsource any manufacturing of the Licensed Products (the "**Outsourced Manufacturing**") to any qualified third party manufacturer that is at least as qualified as Bio Harvest to perform such manufacturing ("**Third Party Manufacturer**"), then, and in each such event, Bio Harvest shall have a right of first refusal to undertake such Outsourced Manufacturing, on the arms' length commercially reasonable terms and conditions proposed in writing and in good faith to the Company by such Third Party Manufacturer, on the terms set forth in this Section 9.2. If the Company desires to engage such Third Party Manufacturer with respect to such Outsourced Manufacturing, it shall first present Bio Harvest, in writing, with the Third Party Manufacturer's proposed terms for such Outsourced Manufacturing, and Bio Harvest shall, within 90 days following receipt of such terms, elect whether to undertake the performance for the Company of such Outsourced Manufacturing upon the same terms and conditions contained in such Third Party Manufacturer's proposal (the "**Right of First Refusal**"). In the event Bio Harvest fails to notify the Company in writing, within the aforesaid 90-day period, of its election to exercise the Right of First Refusal with respect to such Outsourced Manufacturing, then Bio Harvest shall be deemed to have waived its Right of First Refusal with respect to such Outsourced Manufacturing, and the Company shall be entitled to engage said Third Party Manufacturer, during the 90-day period following the expiration of said 90-day period, to perform such Outsourced Manufacturing on terms not less favorable to the Company than those set forth in such Third Party Manufacturer's proposal that has been delivered to Bio Harvest; provided that (i) any engagement in such Outsourced Manufacturing other than with such Third Party Manufacturer within said 90-day period, shall again be subject to the Right of First Refusal of Bio Harvest under this Section 9.2; and (ii) any engagement in any other Outsourced Manufacturing shall be subject to the Right of First Refusal of Bio Harvest under this Section 9.2.

9.3 For the avoidance of any doubt, Bio Harvest's Right of First Refusal shall not apply to manufacturing of the Licensed Products performed by the Company itself (rather than outsourced to a third party). The Company has the right to manufacture the Licensed Products by itself, at the Company's sole discretion.

10. Non-Solicitation

10.1 During the Research Period and for 36 (thirty six) months thereafter, the Company shall not, directly or indirectly, solicit, hire or engage in and with any Bio Harvest related persons, including without limitation, employees, consultants and technical staff, without Bio Harvest's prior written approval.

10.2 The Company shall not pay any direct or indirect payment to Bio Harvest employee without the prior written consent of Bio Harvest.

11. Use of Bio Harvest's Facilities

The Company shall not use Bio Harvest's facilities, resources, proprietary and any materials for the purpose of promoting its own interests, unless otherwise approved, in advance and in writing, by Bio Harvest.

12. **Relationship of the Parties and the obligation to avoid Conflict of Interests**

The status of Bio Harvest and/or its personnel vis-a-vis the Company is that of an independent contractor and it/he/they shall not be deemed to be an agent to the Company. This Agreement and the implementation thereof do not create any relationship of employer-employee between the Company and the personnel of Bio Harvest or any person who may assist him/them in performing the Research.

13. **Taxes**

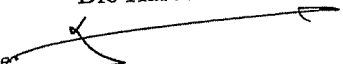
All amounts to be paid to Bio Harvest pursuant to this Agreement are exclusive of any value added taxes (if applicable), which shall be added to such payments, and shall be without deduction of exchange, collection, or other charges, and, specifically, without deduction of withholding or similar taxes or other government imposed fees or taxes. Bio Harvest shall provide the Company with reasonable assistance to enable the recovery or exemption, as permitted by applicable laws, of withholding taxes resulting from payments made under this Agreement.

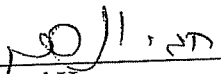
14. **Additional Provisions**

The provisions of Sections 12.2 through 12.10 and Sections 12.12 through 12.13 of the License Agreement shall apply, mutatis mutandis, to the engagement of the Parties under this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties, intending to be legally bound, have caused this Services Agreement to be executed by their duly authorized representatives.

Bio Harvest Ltd.
Signature: 
Name: Zaki Rakib
Title: Executive Chairman

Dolarin Ltd.
Signature: 
Name: Yoheved Hagay
Title: Sole Director

*[Signature Page to Services Agreement
April 2018]*

APPENDIX A1 – RESEARCH PROGRAM

APPENDIX A2 – RESEARCH BUDGET

Cost+ Calculation- Midnight Star

	Part time	Monthly Salary cost	Salary cost	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	2018
Expenses												
HC Expenses												
CEO	100%	18,750	18,750									-
CTO	80%	18,750	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	120,000
VP R&D	80%	14,306	11,444	11,444	11,444	11,444	11,444	11,444	11,444	11,444	11,444	91,556
R&D Manager	100%	7,639	7,639	7,639	7,639	7,639	7,639	7,639	7,639	7,639	7,639	61,111
Operation	60%	5,722	3,433	3,433	3,433	3,433	3,433	3,433	3,433	3,433	3,433	27,467
Lab Technician	100%	3,889	3,889	3,889	3,889	3,889	3,889	3,889	3,889	3,889	3,889	31,111
Lab Technician	100%	3,889	3,889	3,889	3,889	3,889	3,889	3,889	3,889	3,889	3,889	31,111
Consultants			8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	64,000
Total HC and consultants			53,294	53,294	53,294	53,294	53,294	53,294	53,294	53,294	53,294	426,356
R&D other expenses:												
Rent and overhead	200	50	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	52,000
1. Standards			185	185	185	185	185	185	185	185	185	1,481
2. Reagents			317	317	317	317	317	317	317	317	317	2,537
3. HPLC/LC-MS Analysis (single sample) external lab			4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	33,333
4. HPLC analysis (single sample) in house			2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	17,280
5. Disposables			603	603	603	603	603	603	603	603	603	4,820
Travel			1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	8,000
Patents registration												5,000
Total Other expenses			14,931	14,931	14,931	14,931	14,931	14,931	14,931	14,931	14,931	124,452
Total expenses			68,226	68,226	68,226	68,226	68,226	68,226	68,226	68,226	68,226	550,807
Capital expenditure:												
Laboratories (QC+Erlenmeyers)				16,667	16,667	16,667	16,667					50,000
General Lab Equipment				47,667	47,667	47,667	47,667					143,000
Lab constructions				50,000	50,000	50,000	50,000					100,000
Total Capex				114,333	114,333	114,333	64,333					293,000
Total			68,226	182,559	182,559	182,559	132,559	68,226	73,226	68,226	68,226	843,807

Dollar rate:

3.6

Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16	2019
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15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	-
11,444	11,444	11,444	11,444	11,444	11,444	11,444	11,444	120,000
7,639	7,639	7,639	7,639	7,639	7,639	7,639	7,639	91,556
3,433	3,433	3,433	3,433	3,433	3,433	3,433	3,433	61,111
3,889	3,889	3,889	3,889	3,889	3,889	3,889	3,889	27,467
3,889	3,889	3,889	3,889	3,889	3,889	3,889	3,889	31,111
6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	31,111
51,294	51,294	51,294	51,294	51,294	51,294	51,294	51,294	48,000
								410,356
6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	-
185	185	185	185	185	185	185	185	52,000
317	317	317	317	317	317	317	317	1,481
4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	2,537
2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	33,333
603	603	603	603	603	603	603	603	17,280
1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	4,820
	10,000						15,000	8,000
14,931	24,931	14,931	14,931	14,931	14,931	14,931	29,931	25,000
66,226	76,226	66,226	66,226	66,226	66,226	66,226	81,226	144,452
								554,807

66,226	76,226	66,226	66,226	66,226	66,226	66,226	81,226	554,807
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Cost for 16 months	1,398,615
10% margin	139,861
Cost + 10% for 16 months	1,538,476