

## ASSET PURCHASE AGREEMENT

This Agreement is made effective as of the 10th day of October, 2017 (the “**Effective Date**”).

### BETWEEN:

**BHAVNA SOLECKI**, an individual with an address at 803- 5455 Balsam Street,  
Vancouver, BC V6M 4B3

(the “**Vendor**”)

### AND:

**INDULGENCE EDIBLES INC.**, a British Columbia company with an office at  
Suite 210 -1238 Homer Street, Vancouver, BC V6B 2Y5

(the “**Company**”)

(Each a “**Party**” or together the “**Parties**”).

### WHEREAS

- A. The Vendor has developed certain ayurvedic and plant-based ingredients Recipes;
- B. The Vendor desires to sell and the Company desired to purchase the Recipes together with the other Purchased Assets, upon the terms and conditions described herein; and
- C. The Parties wish to appoint Vendor as Director of Product and Content Development for the Company’s parent company Cannapay Financial Inc., upon the terms and conditions described herein.

**NOW THEREFORE**, the Parties agree as follows:

### ARTICLE 1 INTERPRETATION

- 1.1 Definitions. In this Agreement, terms with an initial capital letter will have the meanings set out below unless the context requires otherwise:
- (a) “**Affiliate**” means, in relation to any person, any other person or group of persons acting in concert.
  - (b) “**Agreement**” means this Asset Purchase Agreement, together with the Schedules attached hereto and as amended or modified from time to time.
  - (c) “**Applicable Law**” means all applicable provisions of laws, statutes, rules, regulations, published guidelines, standards, codes of practice and orders of all federal, provincial, state, municipal and local governmental bodies to which the Parties are bound or apply to the transaction or event in question.
  - (d) “**Cannapay**” means Cannapay Financial Inc., the parent company of the Company.
  - (e) “**IPO**” means initial public offering.

- (f) **“Know-How”** means all of the know how related to infusing and using the Products and additional active ingredients including the formulas and processes for combining the ingredients to create the Products, medicinal properties of each ingredient, recommended dosages for intended purposes, how to blend the herbs and essential oils, how to source ayurvedic plants and what the medical properties of the plants are according to ancient ayurvedic principals, storage and packaging information.
- (g) **“Net Revenues”** means revenues less cost of research and development, tests, clinical trials, developing, marketing, production and shipment any costs related to the production, marketing and sale of the Products.
- (h) **“Products”** means any products developed through the use of any of the Recipes, collectively or individually.
- (i) **“Purchased Assets”** means the following assets to be acquired by the Company pursuant to this Agreement:
- i. the Recipes;
  - ii. any Know-How and intellectual property relating to the Recipes developed, acquired or licensed to the Vendor prior to the Effective Date;
  - iii. the formulas relating to the development and composition of the Recipes;
  - iv. the Technology;
  - v. complete retailer and customer lists, contract information and sales history relating to the Recipes;
  - vi. the results of any and all market and product research completed by the Vendor, together with all customer testimonials in the Vendor’s possession in respect of the Recipes and the efficacy of ayurvedic products generally; and
  - vii. any goodwill associated with the Recipes.
- (j) **“Recipes”** means the product recipes listed in Schedule “A”, as amended from time to time and each such recipe will be referred to as a Recipe.
- (j) **“Stock Option Plan”** means Cannapay’s stock option plan, as amended from time to time.
- (k) **“Technology”** means all technologies owned by, controlled by or exclusively licensed to the Vendor related to manufacturing of the Products, including, without limitation, all knowledge garnered through the experience of manufacturing the Products.

1.2 Schedules. The following Schedules are attached to and form part of this Agreement:

Schedule “A” - Recipes

- 1.3 Currency References. Unless otherwise specified, all dollar references in this Agreement are deemed to refer to lawful currency of Canada.

## ARTICLE 2 PURCHASED ASSETS

- 2.1 Assignment of Purchased Assets. Subject to the terms and conditions of this Agreement, on the Effective Date, the Vendor will sell, assign, convey, transfer and deliver to the Company, and the Company will purchase and accept from the Vendor, the entire ownership, right, title and interest of Vendor in and to the Purchased Assets, free and clear of all liens, charges and encumbrances.

## ARTICLE 3 PURCHASE PRICE

- 3.1 Purchase Price. In consideration for the Vendor's assignment and sale of the Purchased Assets, the Company will issue the Vendor 200,000 units in the capital of Cannapay (each, a "**Unit**") at a deemed price of \$0.10 per Unit. Each unit will consist of one fully paid and non-assessable common share in the capital of Cannapay (each, a "**Share**") and one full common share purchase warrant (each, a "**Warrant**"). Each Warrant will entitle the Vendor to purchase one Share at a price of \$1.00 per Share for a period of 12 months from the date of issuance.

- 3.2 Restrictions on Shares.

- (a) The Shares will not be sold until they are released in accordance with the following schedule:

Date of Automatic Timed Release	Amount of Shares Released
The Effective Date	15% of the Shares
6 months after the IPO	15% of the Shares
1 year after IPO	15% of the Shares
18 months after the IPO	15% of the Shares
24 months after the IPO	15% of the Shares
36 months after the IPO	The balance of the Shares

- (b) The Shares can be sold to another buyer as long as the buyer agrees to the release schedule as set out above. The Parties agree that if Cannapay files a prospectus with a Canadian securities commission, and at the time that Cannapay files its final prospectus Vendor falls under one of the categories of persons required to place their securities in escrow set out in Section 3.5 of National Policy 46-201 *Escrow for Initial Public Offerings* ("**NP46-201**"), subject to the exemption set out in Section 3.6 of NP 46-201, the Parties will enter into an escrow agreement to escrow the Shares (or such number of the Shares as are still held by Vendor at that time) with a release schedule as required by, but no more restrictive than, the applicable release schedule set out in Part IV of NP 46-201.

## ARTICLE 4 EMPLOYMENT SERVICES

4.1 Services. The Vendor will provide the following services to the Company as an employee of Cannapay:

- (a) manage the development, creation, composition and production of the Recipes;
- (b) provide advice and guidance on how the Recipes are to be used individually for the development of the Products and in conjunction with additional products;
- (c) provide information and advice on the use, composition, and frequency of usage of the Recipes and the subsequent Products created by using the Recipes for various ailments;
- (d) create client intake forms;
- (e) develop a series of yoga videos;
- (f) develop and produce guided meditation and yoga videos for the Company and Cannapay, for which Cannapay will pay the production costs;
- (g) assist Cannapay with creating health and educational materials for cannabis users and health practitioners in various jurisdictions;
- (h) report directly to Cannapay's Chief Executive Officer; and
- (i) respond to inquiries from the Company and Cannapay in a timely fashion.

(collectively, the "**Services**").

The Parties agree that the Vendor will work on a part-time basis for the first two months of the Agreement and dedicate 20-30 hours per week towards providing the Services. After two months from the Effective Date, the Vendor will dedicate 40 hours per week towards providing the Services.

4.2 Appointment. The Vendor agrees to serve as the Director of Product and Content Development for Cannapay commencing on the Effective Date.

4.3 Employment Agreement. The Vendor and Cannapay will enter into an employment agreement (the "**Employment Agreement**") which will be entered into as a collateral agreement alongside this Agreement.

4.4 Salary. Commencing on the Effective Date and in consideration for the Services, the Company will pay the following fee to the Vendor:

- (a) \$2,000 for the first two months of the Agreement as a part-time engagement fee;
- (b) a salary of \$7,500 per month commencing two months from the Effective Date; and

- (b) 200,000 incentive stock options in the capital of Cannapay (the “**Stock Options**”) at a price of \$0.15 per common share exercisable for a period of two years from the date of grant or in accordance with the Stock Option Plan.

4.5 Stock Options. The Stock Options will vest in accordance with the following schedule and will be subject to the terms of the Vendor’s stock option agreement and the Stock Option Plan:

Vesting Date	Proportion of Vested Stock Options
6 months after the Issuance Date	25% of the Stock Options
12 months after the Issuance Date	25% of the Stock Options
18 months after the Issuance Date	25% of the Stock Options
24 months after the Issuance Date	25% of the Stock Options

4.6 Employment Bonus. Cannapay agrees to pay the following bonus payments to the Vendor:

- (a) a cash bonus of \$20,000 upon the Products generating \$100,000 in Net Revenues; and
- (b) a cash bonus of \$100,000 upon the Products generating \$1,000,000 in Net Revenues.

4.7 Expenses. Cannapay agrees to reimburse the Vendor for the Vendor’s reasonable expenses or disbursements actually and reasonably incurred or made in connection with the performance of services under this Agreement, including the Vendor’s monthly cellphone bill. For all such expenses and disbursements the Vendor shall supply Cannapay with originals of all receipts, invoices or statements in respect of which the Vendor seeks reimbursement, in such form as may reasonably be required by the Company and at such times or intervals as may be required by the Company or Cannapay.

4.8 Nature of the Relationship. The relationship between the Company and the Vendor under this Agreement is that of independent contractors. Nothing contained in this Agreement will constitute or create, nor will it be construed to have created, any relationship of partner, principal or agent, employee, employer, joint venture, franchisee, legal representative or any other legal relationship.

**ARTICLE 5  
REPRESENTATIONS**

5.1 Vendor represents and warrants to the Company and understands and agrees that its representations were material in inducing the Company to enter this Agreement:

- (a) The Vendor is the sole and exclusive owner of the Purchased Assets, and on the Effective Date the Purchased Assets will be delivered to the Company free and clear of any and all liens, pledges, mortgages, security interests, restrictions and encumbrances. By virtue of the deliveries made on the Effective Date, the Purchaser will obtain good and marketable title to all of the Purchased Assets,

free and clear of any and all liens, pledges, mortgages, security interests, restrictions and encumbrances.

- (b) The Vendor is a holistic life consultant and teacher with expertise in ayurvedic medicine with a strong background in Chinese medicine and an expert in plant based oils and different exotic roots and plants.
- (c) The Vendor will work with the Company to take all necessary steps needed to ensure compliance with all Applicable Laws in the jurisdictions in which the Company wishes to use and develop the Recipes and sell the Products.
- (e) The Vendor has not granted and will not grant any right to any Affiliate or third party which would conflict with the rights granted to the Vendor under this Agreement.
- (f) There are no patents or pending patents applications covering the Recipes.

## **ARTICLE 6 MISCELLANEOUS PROVISIONS**

- 6.1 No Amendment Except In Writing. This Agreement may be amended only by written instrument executed by both Parties.
- 6.2 Assignment. Neither party may assign its interest in or under this Agreement without the prior written consent of the other Party.
- 6.3 Independent Legal Advice. The Vendor acknowledges that this Agreement has been prepared on behalf of the Company by legal counsel to the Company, that the Company's legal counsel does not represent, and is not acting on behalf of the Vendor; and that the Vendor has been advised and provided with an opportunity to consult with the Vendor's own legal counsel with respect to this Agreement.
- 6.4 Further Assurances. From time to time, each Party will, at the reasonable request of the other Party, take all action, do all such acts and execute and deliver all agreements, instruments, documents or other writings desired or required by such other Party in connection with the performance of this Agreement and take all action and execute and deliver all such further agreements, instruments, documents or other writings reasonably desired or required by such other Party so as to fully perform or carry out the terms, intents or purposes of this Agreement.

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- 1.1 Invalidity of Provisions. If any of the provisions of this Agreement are determined to be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions will not in any way be affected or impaired thereby.
- 1.2 Successors and Assigns. This Agreement will be binding upon and will enure to the benefit of the Parties hereto and their respective successors and permitted assigns.
- 1.3 Counterpart Execution. This Agreement may be executed in any number of counterparts (including counterparts by email) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed electronic copy of this Agreement, and such executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first above written.

SIGNED and DELIVERED by BHAVNA SOLECKI in the presence of:	)	
	)	
	)	
<u>"Penny Green"</u>	)	<u>"Bhavna Solecki"</u>
Witness (Signature)	)	BHAVNA SOLECKI
	)	
<u>Penny Green</u>	)	
Name (please print)	)	

**INDULGENCE EDIBLES INC.**

"Penny Green"  
Authorized Signatory

Name: Penny Green  
Position: Director

**SCHEDULE "A"**  
**RECIPES BEING ACQUIRED**

Item	Recipes for Product	Key Ingredients	Intended Uses
1.	Soap bars	Essential oils and herbs	Skin rejuvenation, helps sensitive skin, anti-oxidant deep clean and relaxation
2.	Massage oils	Various oils	Pain relief, mental stress reduction, skin enhancement, skin repair, skin glow and helps sensitive skin
3.	Bath bombs	Essential oils, salts and various other products	Pain relief, relaxation and skin rejuvenation
4.	Skin mist spray	Water and essential oils	Pain relief, relaxation and rejuvenation
5.	Body moisturizer	Oils, essential oils and hemp root	Pain relief, relaxation and rejuvenation
6.	Bath salt with herbs	Salts and herbs	Pain relief, relaxation and rejuvenation
7.	Face Mask	Essential oils and herbs	Pain relief, relaxation and rejuvenation