

RESEARCH AND DEVELOPMENT AGREEMENT

THIS AGREEMENT is effective this 15th day of October 2017,

BETWEEN:

AIRES HUMAN GENOME RESEARCH FOUNDATION, a non-profit organization governed by the laws of the Russian Federation

(the “**Researcher**”)

-and-

AMERICAN AIRES INC., a corporation governed by the laws of the Province of Ontario, in the country of Canada

(the “**Company**”)

CONTEXT:

- A. The Company carries on the business of production, distribution and sales of devices intended to protect persons from the harmful effects of electromagnetic emissions and relies heavily on research and development to advance its business and bring products to market;
- B. The Researcher is a non-profit organization that carries on research in various scientific pursuits, including controlling the harmful effects of electromagnetic emission, carrying on operations in the City of St. Petersburg in the Russian Federation; and
- C. The Company wishes to retain the Researcher to conduct scientific research and development in respect of controlling the harmful effects of electromagnetic emission as may be agreed upon from time to time in order to advance the interests of the Company;

NOW THEREFORE, in consideration of the promises and mutual covenants herein contained, the parties hereto agree to the following:

ARTICLE 1 - DEFINITIONS

As used herein, the following terms shall have the following meanings:

- 1.1 “Confidential Information” has the meaning ascribed to that term in section 8.1.
- 1.2 "Contract Period" will be the period, beginning the date hereof and ending December 31, 2022, renewable in accordance with the terms hereof, unless earlier terminated pursuant to this Agreement.
- 1.3 "Intellectual Property" has the meaning ascribed to that term in section 7.2.
- 1.4 "Project" shall mean a project described in a fully executed Project Proposal.

- 1.5 “Project Proposal” shall mean a research proposal which is attached hereto and incorporated herein by reference or which is afterwards agreed to by the Company and the Researcher.

ARTICLE 2 - RESEARCH AND DEVELOPMENT WORK

- 2.1 Researcher shall perform each Project in accordance with the terms and conditions of this Agreement.
- 2.2 Notwithstanding any other term of this Agreement, the Researcher shall:
- (i) carry out scientific research related to electromagnetic fields and/or radiation;
 - (ii) develop and implement new technology based on its research activities;
 - (iii) make best use of information available with respect to electromagnetic fields and/or radiation;
 - (iv) develop the necessary documentation required for the Company to manufacturer any existing or new devices or products;
 - (v) participate in scientific conferences, give information lectures, seminars, and prepare publications related to electromagnetic field and/or radiation on behalf of the Company;
 - (vi) provide the Company with the results of all its research and development efforts; and
 - (vii) at all times use its best efforts to further the interests of the Company.
- 2.3 Notwithstanding any other term of this Agreement, the Company shall pay the Researcher as may be agreed upon from time, which payment is intended to compensate Researcher on a cost reimbursement basis. In the event that the applicable Project Director (who is initially Igor Nikolayevich Serov) ceases to direct the associated Project and a mutually acceptable substitute is not found within 60 days of such cessation, either Researcher or Company shall have the option to terminate said Project.

ARTICLE 3 - REPORTS AND CONFERENCES

- 3.1 Written program reports describing the results of the applicable Project to date and information regarding the current status and future activities to be undertaken as part of such Project shall be provided by Researcher to Company from time to time as required by the applicable Project Proposal .
- 3.2 During the term of this Agreement, representatives of Researcher may meet with representatives of Company at times and places mutually agreed upon to discuss the progress and results as well as ongoing plans, or changes therein, of each Project.
- 3.3 During the term of this Agreement, Researcher agrees to permit representatives of Company to examine at any reasonable time during normal business hours:
- (i) the facilities where the Project is being conducted;
 - (ii) associated raw research data; and

(iii) any other relevant information (and to make copies) necessary for the Company to confirm that such Projects are being conducted in conformance with the applicable Project Proposal and in compliance with applicable laws and regulations.

ARTICLE 4 - COSTS, BILLINGS, AND OTHER SUPPORT

- 4.1 It is agreed that, where the total costs to Company for any Project hereunder are set out in the applicable Project Proposal, then such total costs shall not exceed the sum so set forth. Payment shall be made by Company within thirty (30) days of receipt of monthly invoices for actual charges incurred by the Researcher in performance of the applicable Project provided that the Researcher is not in breach of this Agreement.
- 4.2 The Researcher shall retain title to any equipment necessary for the conduct of a Project, purchased pursuant to a signed Project Proposal with funds provided by Company under this Agreement.
- 4.3 In the event of early termination of this Agreement by Company pursuant to this Agreement other than for breach of this Agreement, Company shall pay all costs accrued by the Researcher as of the date of termination, including but not limited to reasonable non-cancellable obligations incurred prior to the effective date of termination made pursuant to a fully executed Project Proposal. Project Proposal shall set forth a budget for travel and other out-of-pocket expenses to be incurred pursuant to the applicable Project.

ARTICLE 5 - PUBLICITY

- 5.1 Company will not use the name of Researcher, nor of any member of Researcher's Project staff, in any publicity, marketing, advertising or news release without the prior written approval of an authorized representative of Researcher. Researcher will not use the name of Company, nor any employee of Company, in any publicity, advertising or news release without the prior written approval of Company. Nothing herein shall restrict the Researcher's or Company's right to disclose the existence of this Agreement, the identity of the parties, and the nature and scope of the Project.

ARTICLE 6 - PUBLICATIONS

- 6.1 Company recognizes that the results of a Project achieved by Researcher may be publishable and agrees that researchers at Researcher engaged in the Project shall be permitted to present at symposia, national, or regional professional meetings, and to publish in journals, or otherwise of their own choosing, methods and results of such Project, provided, however, that Company shall have been furnished copies of any proposed publication or presentation at least one month in advance of the submission of such proposed publication or presentation to a journal, editor, or other third party. Company shall have one month after receipt of said copies, to object to such proposed presentation or proposed publication because there is patentable subject matter which needs protection or there is proprietary confidential information of Company in such publication or presentation. In the event that Company makes such objection, said researcher(s) shall refrain from making such publication or presentation for a maximum of four months from date of receipt of such objection in order for Researcher to file patent application(s) directed to the patentable subject matter contained in the proposed publication or presentation. It is understood that the Company may wish to be credited in

the publication or publish with the Researcher, as it is appropriate. No such publication shall contain any confidential information of Company, or any results of any Project obtained by Company other than from the Researcher.

ARTICLE 7 - INTELLECTUAL PROPERTY

- 7.1 Inventorship shall be determined under Canadian patent laws.
- 7.2 The Researcher agrees to assign to the Company, or its designee, all right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements, designs, drawings, discoveries, algorithms, formulas, computer code, ideas, trademarks, or trade secrets, whether or not patentable or registrable under patent, copyright or similar laws, related to the Company's business, which the Researcher may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, with the use of Company's equipment, supplies, facilities, assets, or Company Confidential Information, or which may arise out of any research or other activity conducted under the direction of the Company (collectively referred to as "Intellectual Property").
- 7.3 The Researcher understands and agrees that (i) all original works for authorship which are made by the Researcher (solely or jointly with others) within the scope of the Company's business which are protectable by copyright, (ii) the decision whether or not to commercialise or market any Intellectual Property is within the Company's sole discretion and for the Company's sole benefit and that no royalty or other consideration will be due to the Researcher as a result of the Company's efforts to commercialise or market any such Intellectual Property.

ARTICLE 8 - CONFIDENTIALITY AND PUBLICITY

- 8.1 During discussions leading up to this Agreement, and during the course of performing the Project, it is anticipated that Researcher and Company will learn confidential and/or proprietary information of the other. Parties will keep confidential, and not use, except in connection with the performance of the Company's research hereunder, any information which is provided in writing and marked as confidential by either party, or if disclosed orally, described in a writing within 30 days after disclosure, including without limitation any information which relates to Company's research to be performed under this Agreement, any information which either party may acquire with respect to the other party's business, and any information relating to new products, customers, pricing, know-how, processes, and practices, ("Confidential Information.") The obligations of confidentiality and non-use of Confidential Information shall survive the termination or expiration of this Agreement for a period of five years, unless or until:
- (i) such information shall become known to third parties or shall become publicly known through no fault of Researcher;
 - (ii) such information was already in a party's possession, as evidenced by written documentation prior to the disclosure of such information to the informing party;

- (iii) such information shall be subsequently disclosed to either party on a non-confidential basis by a third party who, to the best of the receiving party's knowledge, is not under any obligation of confidentiality;
- (iv) such information is specifically authorized by the informing party, in writing, to be disclosed; or
- (v) such information is required to be disclosed by applicable law or order of a court of competent jurisdiction in which case the disclosing party agrees to notify the other party of such requirement so that party may take steps to narrow or avoid disclosure.

ARTICLE 9 - TERM AND TERMINATION

- 9.1 This Agreement shall become effective upon the date first written above and shall continue in effect for the full duration of the Contract Period. Thereafter, the term of this Agreement shall automatically renew for successive one year periods unless either party provides prior written notice to the other party of its desire not to renew the term hereof, which notice must be given at least 60 days prior to the then current term of this Agreement. Company may terminate this Agreement or any Project upon 60 days prior written notice at any time within the contract period.
- 9.2 In the event that either party commits any breach of or default in any of the terms or conditions of this Agreement, and fails to remedy such default or breach within thirty days after receipt of written notice thereof from the other party, the party giving notice may, at its option and in addition to any other remedies which it may have at law or in equity, terminate this Agreement by sending notice of termination in writing to the other party. Such termination shall be effective as of the date of the receipt of such notice.
- 9.3 No termination of this Agreement, however effectuated, shall release the parties from their rights and obligations accrued prior to the effective date of termination.
- 9.4 Upon termination of this Agreement or any Project, other than for breach of the terms hereof, Company shall reimburse Researcher for any amounts Company is otherwise obligated to provide Researcher under the terms hereof, for work on each terminated Project performed by Researcher up to the effective date of termination and for non-cancellable pre-paid expenses reasonably incurred by Researcher in anticipation of its work on each Project.

ARTICLE 10 - INDEPENDENT CONTRACTOR

- 10.1 Researcher shall be deemed to be and shall be an independent contractor and as such Researcher shall not be entitled to any benefits applicable to employees of Company.
- 10.2 The parties acknowledges that neither of their employees are employees of the other party and that employees of one party are not eligible to participate in any employee benefit plans of the other party. The parties further acknowledge that neither party nor any of its employees are eligible to participate in any such benefit plans even if it is later determined that any of its employees' status during the period of this Agreement was that

of an employee of the other party. In addition, the parties waive any claims that they may have under the terms of any such benefit plans or under any law for participation in or benefits under any of the other party's benefit plans.

- 10.3 Neither party is authorized or empowered to act as agent for the other for any purpose and shall not on behalf of the other enter into any contract, warranty or representation as to any matter. Neither shall be bound by the acts or conduct of the other.

ARTICLE 11 - INSURANCE AND INDEMNIFICATION

- 11.1 Each party hereby assumes any and all risks of personal injury and property damage attributable to the negligent acts or omissions of that party and the officers, employees, and agents thereof.

ARTICLE 12 - GOVERNING LAW

- 12.1 This Agreement shall be governed and construed in accordance the laws of the Province of Ontario and the federal laws of Canada applicable therein.

ARTICLE 13 - ASSIGNMENT

- 13.1 This Agreement shall not be assigned by either party without the prior written consent of the parties hereto.

ARTICLE 14 - AGREEMENT MODIFICATION

- 14.1 Any agreement to change the terms of this Agreement in any way shall be valid only if the change is made in writing and approved by mutual agreement of authorized representatives of the parties hereto.

ARTICLE 15 - NOTICES

- 15.1 Notices hereunder shall be deemed made if given by registered or certified mail, postage prepaid, and addressed to the party to receive such notice at the address given below, or such other address as may hereafter be designated by notice in writing.

If to Company:

American Aires Inc.
400 Applewood Crescent, Unit 100
Vaughan, Ontario, L4K 0C3

If to Researcher:

AIRES Human Genome Research Foundation
61, Vyborgskaya emb.
St. Petersburg, Russia

ARTICLE 16 – COUNTERPARTS AND HEADINGS

16.1 This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. All headings in this Agreement are inserted for convenience of reference only and shall not affect its meaning or interpretation.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

**AIRES HUMAN GENOME RESEARCH
FOUNDATION**

Per:

“Igor Serov” (signed)
Authorized Signatory

AMERICAN AIRES INC.

Per:

“Dimitry Serov” (signed)
Authorized Signatory