

ASSET PURCHASE AGREEMENT

Section 85(1)

THIS AGREEMENT, dated as of July 20, 2020 (the “**Effective Date**”), is made by and between **STACEY GILLESPIE, AMANDEEP GILL AND GURINDER SANDHU** (the “**Vendors**”) and **RRITUAL MUSHROOMS INC.** (the “**Purchaser**”).

WHEREAS:

- A. The Vendors are the owners of certain assets used in connection with the business of the Purchaser, as more particularly described in Schedule A to this Agreement (the “**Assets**”) and have the respective interests in the Assets as set forth in Column II of Schedule B;
- B. The Vendors have agreed to sell the Assets to the Purchaser, and the Purchaser has agreed to purchase the Assets, at a price and upon the terms and conditions set forth in this Agreement; and
- C. The parties have agreed to make an election pursuant to subsection 85(1) of the *Income Tax Act* (Canada) (the “**Act**”) with respect to the sale and purchase of the Assets.

NOW THEREFORE THIS AGREEMENT WITNESSES that the parties hereby agree as follows:

1. The Vendors hereby sell and transfer to the Purchaser as at the Effective Date, and the Purchaser hereby purchases and accepts from the Vendors as at the Effective Date, all of the Vendors’ right, title and interest in and to the Assets.
2. The aggregate purchase price of the Assets will be the fair market value of the Assets at the Effective Date, the parties’ best estimate of which is \$30,000 (the “**Purchase Price**”). The parties will allocate the Purchase Price among the Assets as set out on Schedule A. The Purchaser will satisfy its obligation to pay the Purchase Price on the Effective Date by the allotment and issuance to the Vendors, as fully paid and non-assessable, the number of Common Shares in the capital of the Purchaser) (collectively, the “**Common Shares**”) as set out in Column IV of Schedule B.
3. Each of the Vendors hereby warrants and represents to the Purchaser as follows:
 - (a) each is a legal and beneficial owner of the Assets having the respective interests set forth in Column II of Schedule B;
 - (b) each has the necessary capacity and right to enter into this Agreement and transfer ownership of the Assets on the terms of this Agreement; and
 - (c) each is not a non-resident of Canada within the meaning of the Act.
4. The Purchaser hereby represents and warrants to each of the Vendors as follows:
 - (a) the Purchaser is a corporation duly organized and in good standing under the *Business Corporations Act* of British Columbia;

- (b) the Purchaser has all the necessary corporate power and capacity and has taken all corporate proceedings necessary to enter into this Agreement and to issue the Shares to the Vendors; and
 - (c) the Purchaser is a taxable Canadian corporation.
- 5. Each of the Vendors will prepare and file an election jointly with the Purchaser (each, an “**Election**”) in prescribed manner and time to have the rules contained in subsection 85(1) of the Act apply to the transactions contemplated by this Agreement, and for each of the Assets that is “eligible property” as defined in subsection 85(1.1) of the Act the parties will elect an amount (the “**Elected Amount**”) equal to the amount determined by the applicable Vendor.
- 6. The parties hereby declare that it is the intent of the Vendors and the Purchaser that the sale of the Assets take place at fair market value, determined in a fair and reasonable manner, and that no gift or other monetary benefit be conferred by one of them upon any other person by virtue of the purchase and sale of the Assets, and covenant to fulfil their respective obligations under the price adjustment provisions set forth in this Agreement.
- 7. From and after the Effective Date:
 - (a) each Vendor will deliver to the Purchaser possession of the Assets, and execute and deliver or cause to be executed and delivered all documents and instruments as are necessary to effectively vest good and marketable title to the Assets in the Purchaser; and
 - (b) each Vendor will stand seized of and shall hold the Assets as a bare trustee and agent for the sole and absolute benefit of the Purchaser until specifically assigned, conveyed and transferred to the Purchaser, and such Vendor will not sell, transfer, convey, lease, charge or otherwise deal with such Assets except as the Purchaser may direct such Vendor in writing.
- 8. The parties will do all such further acts and things as may be necessary to give effect to the terms and conditions of this Agreement.
- 9. This Agreement will enure to the benefit of and be binding upon the parties and their respective heirs, successors and assigns.
- 10. This Agreement and all matters arising hereunder will be governed by, construed and enforced in accordance with the laws of British Columbia and the laws of Canada applicable therein.
- 11. Delivery of an executed counterpart of this Agreement by electronic means, including by facsimile transmission or by electronic delivery in portable document format (“.pdf”), will be equally effective as delivery of a manually executed counterpart hereof. The parties acknowledge and agree that in any legal proceedings between them respecting or in any way relating to this Agreement, each waives the right to raise any defence based on the execution hereof in counterparts or the delivery of such executed counterparts by electronic means.

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IN WITNESS WHEREOF the parties have executed this Agreement as of the Effective Date.

RRITUAL MUSHROOMS INC.

Per: "Gurinder Sandhu"
Authorized Signatory

"Stacey Gillespie"
STACEY GILLESPIE

"Amandeep Gill"
AMANDEEP GILL

"Gurinder Sandhu"
GURINDER SANDHU

SCHEDULE A

Assets

The following mushroom/nutraceuticals formulations:

- Formulation for chaga beverage shots (the “**Chaga Assets**”)
- Formulation for mushroom/nutraceutical beverage powders (the “**Powder Assets**”)
- Formulation for cordyceps beverage shots (the “**Cordyceps Assets**”)

(collectively, the “**Assets**”)

The Purchase Price for the Assets will be allocated as follows:

- Chaga Assets - \$6,500
- Powder Assets - \$18,000
- Cordyceps Assets - \$5,500

SCHEDULE B

Column I	Column II	Column III	Column IV
<i>Name of Vendor</i>	<i>Vendors' Ownership Interest in Assets</i>	<i>Fair Market Value</i>	<i>Consideration Received by Vendor</i>
Stacey Gillespie	8%	\$2,500	125,000 Common Shares
Amandeep Gill	46%	\$13,750	687,500 Common Shares
Gurinder Sandhu	46%	\$13,750	687,500 Common Shares
TOTAL	100%	\$30,000	1,500,000 Common Shares