

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this “**Agreement**”) between Pacific Myco Biosciences Ltd. a company incorporated under the laws of British Columbia, Canada whose registered office is at 733 Finns Road, Kelowna, British Columbia, V1X 5B7 (the “**Buyer**”), and CAVA Healthcare Inc., a company incorporated under the laws of British Columbia, Canada whose registered office is at Suite 404, 1688 152nd Street, South Surrey, British Columbia, V4A 4N2 (the “**Seller**”), is entered into on July 15, 2020 (the “**Effective Date**”). The Buyer and the Seller are referred to individually as a “**Party**” and collectively as the “**Parties**.”

RECITALS

- A. The Seller is the legal and beneficial owner of certain assets listed in Schedule “A”.
- B. The Seller desires to sell, transfer and otherwise convey, and the Buyer desires to purchase and assume, the Acquired Assets from the Seller, on the terms and subject to the conditions of this Agreement.

AGREEMENT

In consideration of the above recitals and the promises set forth in this Agreement, the Parties agree as follows:

1. **Basic Transaction.**

- 1.1 **Purchase and Sale of Assets.** On the terms and subject to the conditions of this Agreement, the Buyer agrees to purchase from the Seller, and the Seller agrees to sell, transfer, convey and deliver to the Buyer, (a) the entire right, title and interest in and to the patents set forth on **Schedule A**, including the right to sue, counterclaim and recover for past, present and future infringement of the rights assigned or to be assigned, as fully and entirely as the same would have been held by the Seller if this Agreement were not made, (the “**Acquired Assets**”), free and clear of all security interests, liens and encumbrances of any nature, in exchange for the Purchase Price (as defined in Section 1.4 below).
- 1.2 **Excluded Assets.** The Buyer will not purchase, and the Seller will not sell, any assets of the Seller other than the Acquired Assets.
- 1.3 **Liabilities.** The Buyer does not assume and is not liable for any of the Seller’s obligations, claims, indebtedness or liabilities of any kind, whether obsolete or contingent, liquidated or unliquidated, due or not yet due, accrued or not accrued, secured or not secured. The Seller is solely responsible for all of its liabilities, obligations and undertakings.
- 1.4 **Purchase Price.** The consideration paid by the Buyer to the Seller for the Acquired Assets shall be 706,606 common shares of the Buyer (the “**Purchase Price**”) to be distributed to Cava Healthcare Ltd.

- 1.5 **Royalty.** Subsequent to the Company listing its common shares for trading on a public stock exchange and raising a minimum aggregate of \$5 million through debt or equity financing (“**Royalty Benchmark**”), the Company shall pay the Seller an annual perpetual royalty equal to the greater of \$600,000 or 4% of the Net Sales of any product or service which directly or indirectly incorporates the Acquired Assets (the “**Products**”) to any third party during the respective preceding calendar quarter (the “**Royalty**”). “**Net Sales**” means the gross amount collected in cash by Buyer for sales of Products, less any costs of packing, insurance, transport, delivery, customary and usual trade discounts, sales taxes, freight, and duty charges. The Royalty will be payable quarterly in four increments within 30 days following each quarter ending on March 31, June 30, September 30 and December 31. The Royalty will accrue only once the Company has achieved the Royalty Benchmark and will be payable to include fees commencing from March 31, 2021. For example, if the Company achieves the Royalty Benchmark on June 30, 2021, at that time the Company will then be obligated to backpay the seller the greater of 4% of Net Sales or \$300,000 for the quarters ending March 31, 2021 and June 30, 2021. In the event the Company does not achieve the Royalty Benchmark by July 15, 2022, the Acquired Assets will revert back to the Seller. While the Company guarantees the total amount of the Royalty, such payment may be satisfied in whole or in part by payments from the Company’s subsidiaries, all payments are to be made in Canadian Dollars and include any additional applicable sales taxes (i.e. GST).
- 1.6 On or before the 30 days following each calendar quarter for a period of 60 years, Buyer shall pay to Seller a royalty of four percent (4%) of the Net Sales of any product or service which directly or indirectly incorporates the Acquired Assets (the “**Products**”) to any third during the respective preceding calendar quarter. “**Net Sales**” means the gross amount collected in cash by Buyer for sales of Products, less any costs of packing, insurance, transport, delivery, customary and usual trade discounts, sales taxes, freight, and duty charges.
- 1.7 **Statements.** At the same time as payments are made under Section 1.5, Buyer shall submit to Seller a statement showing the calculation of Net Sales in the relevant calendar quarter.
- 1.8 **Closing.** The closing of the transactions contemplated by this Agreement (the “**Closing**”) will take place via exchange of electronic signatures on the Effective Date. The Closing will be effective as of 12:00 a.m. on the Effective Date.
- 1.9 **Buyer’s Deliveries at the Closing.** The Buyer will make the following deliveries at the Closing:
- (a) the Purchase Price; and

- (b) executed and acknowledged (if appropriate) certificates, instruments and documents that the Seller and its counsel may reasonably request.
- 1.10 **Seller's Deliveries at the Closing.** The Seller will make the following deliveries at the Closing:
 - (a) executed and acknowledged (if appropriate) certificates, instruments and documents that the Buyer and its counsel may reasonably request;
 - (b) executed Assignment of the Seller relating to the Acquired Assets in the form as outlined in **Schedule B**, and any other assignments reasonably requested by the Buyer and relating to the Acquired Assets;
 - (c) a copy of the written consent executed by the Board of Directors of Seller authorizing this Agreement and the transactions contemplated hereby.
- 2. **Representations and Warranties of the Seller.** The Seller represents and warrants to the Buyer that the statements contained in this Section 2 are correct and complete as of the date of this Agreement.
 - 2.1 **Organization and Qualification.** The Seller is a corporation, duly organized, validly existing and in good standing under the laws of the Province of British Columbia. The Seller is duly authorized to conduct business and is in good standing under the laws of each jurisdiction where qualification is required.
 - 2.2 **Authorization of Transaction; Shareholders.** The Seller has full power and authority, corporate or otherwise, to enter into and perform its obligations under this Agreement. In addition, the Board of Directors of Seller has, and, if required, the Seller's shareholders have, duly authorized the execution and performance of this Agreement and the ancillary documents to which the Seller is a party. This Agreement and the ancillary agreements to which the Seller is a party constitute valid and legally binding obligations of the Seller, enforceable in accordance with their respective terms and conditions.
 - 2.3 **Noncontravention.** Neither the execution and the delivery of this Agreement or the ancillary documents to which the Seller is a party, nor the consummation of the contemplated transactions will (a) violate any law, order or regulation to which the Seller is subject; (b) violate any provision of the articles or bylaws of the Seller; or (c) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice under any material agreement, contract, lease, license, instrument or other arrangement to which the Seller is a party or is bound or to which the Acquired Assets are subject.
 - 2.4 **Title to Assets.** The Acquired Assets are free and clear of all security interests, liens or encumbrances. The Seller has good and marketable title to the Acquired Assets. The Seller has the authority to assign to the Buyer all right, title and interest in the Acquired Assets.

- 2.5 **Non-Infringement.** No legal proceedings are pending or, to the Seller's knowledge, threatened, challenging the ownership, enforceability, scope, validity or use of the Acquired Assets, or alleging that the Seller is violating, misappropriating or infringing the rights of any third party with regard to any of the Acquired Assets. To the Seller's knowledge, the Acquired Assets, as used by the Seller immediately prior to the Closing, do not infringe, misappropriate or otherwise make any unlawful or unauthorized use of any intellectual property of any third party. The Seller has not received any written notice alleging that the Seller has infringed, misappropriated or otherwise made any unlawful or unauthorized use of any intellectual property. To the Seller's knowledge, no third party has infringed, misappropriated, or otherwise violated any of the Acquired Assets.
- 2.6 **Assets in Good Standing.** The Seller has, at all times up to the Effective Date, taken all necessary steps to maintain and has maintained the Acquired Assets in good standing such that, to Seller's knowledge, the Acquired Assets remain valid and enforceable, as applicable. For greater clarity, the Seller confirms that all reasonably necessary documents evidencing chain of title to the Acquired Assets have been duly executed and, where necessary, have been filed with the appropriate intellectual property office. The Seller further confirms that all required fees to maintain the Acquired Assets in good standing, as applicable, have been paid within any stipulated deadlines, and all reasonably necessary steps to respond to office actions have been taken within any stipulated deadlines.
- 2.7 **No Prior Disclosure.** The Seller confirms that, to the Seller's knowledge, no public statements have been made by the Seller or any listed inventors of the Acquired Assets to state or suggest that any invention, patent, or patent application that comprises the Acquired Assets was not inventive as of the applicable claim date, or is otherwise unpatentable, and the Seller confirms that it has not received any written notice from any third party alleging that such statements have been made.
- 2.8 **Powers of Attorney.** there are no outstanding powers of attorney executed on behalf of the Seller with respect to the Acquired Assets.
- 2.9 **Consents.** No consent, approval, authorization or order of any court, governmental agency or body, or third party is required for the Seller to consummate the transactions contemplated by this Agreement.
- 2.10 **Compliance with Laws.** There are no actions, suits, claims, investigations or other legal proceedings pending or, to Seller's knowledge, threatened against or by Seller relating to or affecting the Acquired Assets. There are no outstanding governmental orders and no unsatisfied judgments, penalties or awards against or affecting the Acquired Assets. Seller is in compliance in all material respects with all laws applicable to the ownership and use of the Acquired Assets, as currently used.
- 2.11 **Accredited Investor.** The Seller represents and warrants to the Buyer that the Seller is an "accredited investor" within within the meaning of National Instrument

45-106 – Prospectus Exemptions of the Canadian Securities Administrators and Section 73.3 of the *Securities Act* (Ontario), as applicable — and, if relying on subparagraph (m) of the definition of "accredited investor" contained therein, was not created and is not being used solely to acquire or hold the Securities as an accredited investor.

3. **Representations and Warranties of the Buyer.** The Buyer represents and warrants to the Seller that the statements contained in this Section 3 are correct and complete as of the date of this Agreement.
 - 3.1 **Organization and Qualification.** The Buyer is a corporation, duly organized, validly existing and in good standing under the laws of the Province of British Columbia. The Buyer is duly authorized to conduct business and is in good standing under the laws of each jurisdiction where qualification is required.
 - 3.2 **Authorization of Transaction.** The Buyer has full power and authority, corporate or otherwise, to enter into and perform its obligations under this Agreement. In addition, the Buyer's Board of Directors has duly authorized the execution and performance of this Agreement and the ancillary documents to which the Buyer is a party. This Agreement and the ancillary documents to which the Buyer is a party constitute the valid and legally binding obligations of the Buyer, enforceable in accordance with their respective terms and conditions.
 - 3.3 **Noncontravention.** Neither the execution and the delivery of this Agreement or the ancillary documents to which the Buyer is a party, nor the consummation of the contemplated transactions will (a) violate any law, order or regulation to which the Buyer is subject; or (b) violate any provision of the articles or bylaws of the Buyer.
4. **Post-Closing Covenants.**
 - 4.1 **Further Assurances.** In case at any time after the Closing any further action is necessary or desirable to carry out the purposes of this Agreement and its contemplated transactions, each of the Parties will take such further action as any other Party reasonably may request, all at the sole cost and expense of the requesting Party (unless the requesting Party is entitled to indemnification under Section 5).
 - 4.2 **Litigation Support.** In the event any Party is contesting or defending an action, suit, proceeding, hearing, investigation, charge, complaint or demand in connection with any transaction contemplated under this Agreement, each of the other Parties will cooperate with the contesting or defending Party, including providing testimony and access to books or records (subject to the availability of appropriate confidentiality designations and protections), all at the sole cost of the defending or contesting Party (unless the defending or contesting Party is entitled to indemnification under Section 5 of this Agreement).
 - 4.3 **Confidentiality.** Any information concerning the business and affairs of either Party disclosed by one party (the "**disclosing party**") to the other Party

(the “**receiving party**”), is considered to be confidential information (the “**Confidential Information**”), unless such information is (a) already generally available to the public, (b) becomes available to the public by no wrongful act or omission of the receiving party, or (c) is received from a third party without restriction of confidentiality. The Parties will treat and hold as such all of the Confidential Information and the refrain from using or disclosing any of the Confidential Information except (a) in connection with this Agreement and the transactions contemplated by this Agreement, (b) pursuant to a request or requirement of a government agency, subpoena or other legal proceeding, or rules of the applicable stock exchange, or (c) with the written consent of the disclosing party.

- 4.4 **Third Party Fees.** Except as otherwise specifically set forth herein, each Party will bear its own expenses in connection with the contemplated transaction, including, without limitation, the costs and expenses of all attorneys, accountants, brokers, investment bankers, agents and finders employed by such Party. The Parties will indemnify each other against any claims, costs, losses, expenses or liabilities arising from any claim for remuneration, commissions, finder’s fees or other compensation or reimbursement in connection with the transactions contemplated herein which may be asserted by any person based on any agreement or arrangement for payment by the other Party. The Seller shall be responsible for payment of any transfer, filing, or recording fees charged by the Canadian Intellectual Property Office, or other entities for the transfer of ownership of any of the Acquired Assets from the Seller to the Buyer.

5. Remedies for Breaches of this Agreement.

- 5.1 **Survival of Representations, Warranties and Covenants.** All of the representations and warranties of the Buyer and the Seller contained in this Agreement will survive the Closing and continue in full force and effect for two years after the Closing, except for the representations and warranties contained in Sections 2.1 to 2.3 inclusive (“**Seller Fundamental Representations**”) which shall survive indefinitely and Section 2.4, which will survive for a period of four years after the Closing. The covenants set forth in this Agreement will survive indefinitely unless a shorter period of survival is specifically set forth in this Agreement.
- 5.2 **Indemnification for the Benefit of the Buyer.** In the event the Seller breaches any representations, warranties or covenants contained in this Agreement, and if there is an applicable survival period pursuant to Section 5.1 (provided that the Buyer makes a written claim for indemnification against the Seller within the survival period), then the Seller agrees to indemnify the Buyer from and against any actions, suits, proceedings, investigations, charges, complaints, claims, demands or damages (collectively, “**Damages**”) the Buyer may suffer through and after the date of the claim for indemnification resulting from, arising out of, relating to, in the nature of, or caused by such breach.

5.3 **Indemnification of the Seller.** In the event the Buyer breaches any representations, warranties or covenants contained in this Agreement, and if there is an applicable survival period pursuant to Section 5.1 (provided that the Seller makes a written claim for indemnification against the Buyer within the survival period), then the Buyer agrees to indemnify the Seller from and against any Damages the Seller may suffer through and after the date of the claim for indemnification resulting from, arising out of, relating to, in the nature of or caused by such breach.

5.4 **Limitations on Certain of Indemnification Obligations.**

(a) **Deductible.** Notwithstanding anything contained herein to the contrary, the Seller will not be obligated to indemnify, defend or hold harmless the Buyer with respect to any Damages unless, and only to the extent that, the aggregate Damages from all claims by the Buyer exceed \$25,000 (the “**Deductible**”). For the avoidance of doubt, except as provided below, Damages will be payable by the Seller only to the extent they exceed the amount of the Deductible. Notwithstanding anything contained herein to the contrary, the Deductible shall not apply to claims by the Buyer to the extent arising from (i) the Seller’s breach of a Seller Fundamental Representation, Section 2.4 or any covenant contained in this Agreement, and (ii) fraud or willful misrepresentation, which claims shall be subject to indemnification from dollar one.

(b) **Cap.** Notwithstanding anything contained herein to the contrary, in no event will the aggregate liability for Damages pursuant to this Section 5, or otherwise arising under or in connection with this Agreement or the transactions contemplated hereby, exceed, in the aggregate, the Purchase Price. Notwithstanding anything contained herein to the contrary, the limitations contained in this Section 5.4(b) shall not apply to claims by the Buyer to the extent arising from fraud or willful misrepresentation, which liability for which shall be unlimited.

5.5 **Exclusive Remedy.** Except for injunctive relief, the Parties acknowledge and agree that the indemnification provisions in this Section 5 will be the exclusive remedy of the Buyer with respect to breaches of any representations, warranties or covenants. Notwithstanding the foregoing, this Section 5.5 will not limit rights in the event of fraud or willful misconduct.

6. **Miscellaneous.**

6.1 **No Third-Party Beneficiaries.** This Agreement will not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns.

6.2 **Entire Agreement.** This Agreement and any documents, certificates or other instruments delivered pursuant to this Agreement constitute the entire agreement

between the Parties and supersede any prior understandings, agreements or representations by or between the Parties, written or oral, to the extent they related in any way to the subject matter of this Agreement.

- 6.3 **Succession and Assignment.** This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests or obligations under this Agreement without the prior written approval of the other Parties.
- 6.4 **Counterparts and Facsimile Signatures.** This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument, and by facsimile.
- 6.5 **Notices.** Any notice, offer, request, demand, claim or other communication provided for by this Agreement must be in writing and will be deemed given or delivered when delivered by hand or three days after the day when deposited in the United States mail, certified or registered, return receipt requested, postage prepaid and properly addressed to the intended recipient as set forth below:

If to Seller:

CAVA Healthcare Inc

Suite 404, 1688 152nd Street, South Surrey, British Columbia, V4A 4N2

Attention: Theo Warkentin

Email: theo@cavahealthcare.ca

If to the Buyer:

Pacific Myco Biosciences Ltd.

733 Finns Road, Kelowna, British Columbia, V1X 5B7

Attention: Lyle Oberg

Email: lyleo@pacificmyco.com

Any Party may send any notice, request, demand, claim or other communication to the intended recipient at the address set forth above using any other means, but no such notice, request, demand, claim or other communication will be deemed to have been duly given unless and until it actually is received by the intended recipient.

- 6.6 **Amendments and Waivers.** No amendment of any provision of this Agreement will be valid unless the same is in writing and signed by the Parties. No waiver by any Party of any default, misrepresentation or breach of warranty or covenant under this Agreement, whether intentional or not, will be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant under this Agreement.

- 6.7 **Severability.** Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction will not affect the validity or enforceability of the remaining terms and provisions of this Agreement or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.
- 6.8 **Expenses.** Whether or not the transactions under this Agreement are consummated, the Buyer and the Seller will bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and these transactions.
- 6.9 **Governing Law.** This Agreement will be governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein, without giving effect to any choice or conflict of law provision or rule (whether of the Province of British Columbia or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than those of the Province of British Columbia.
- 6.10 **Tax Matters.** The Buyer is responsible for and will pay all federal, provincial and local taxes relating to the transactions contemplated by this Agreement, including without limitation, personal property, sales use or transfer tax. The Seller shall be responsible for those taxes based on the Seller's net income, payroll, employment, excise, real property, personal property, sales, use or transfer tax.

[THE REMAINDER OF THIS PAGE IS BLANK. SIGNATURE PAGE FOLLOWS.]

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

BUYER:

Pacific Myco Bioscience Ltd.

(s) "Lyle Oberg"

By: Lyle Oberg
Title: Chief Executive Officer

SELLER:

CAVA Healthcare Inc.

(s) "Theo Warkentin"

By: Theo Warkentin
Title: Chief Executive Officer

Schedule A

Acquired Assets

Patents:

Title	International Publication Number	International Application Number	International Publication Date
Method of Immune Modulation By Modulating ABCF1	WO 2020/163959 A1	PCT/CA2020/050192	August 20, 2019

Future Patents:

All future patents relating to treatment methods by immune modulation through modulation of ABCF1. This includes but is not limited to patents relating to methods of treating depression by immune modulation through modulation of ABCF1.

SCHEDULE B PATENT ASSIGNMENT

WORLDWIDE ASSIGNMENT

We:

CAVA Healthcare Inc

Suite 404, 1688 152nd Street, South Surrey, British Columbia, V4A 4N2

for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, confirm that we did sell and assign to:

Pacific Myco Bioscience Ltd.,

733 Finns Road, Kelowna, British Columbia, V1X 5B7

all our right, title and interest in the United States of America, Canada, and all countries foreign thereto, effective at least as early as **February 14, 2020**, in and to the invention disclosed in International Patent Application No PCT/CA2020/050192 filed **February 14, 2020**, relating to, and entitled:

Patent Description: A METHOD OF IMMUNE MODULATION BY MODULATING ABCF1

and to any patent application claiming priority therefrom or related thereto, including but not limited to any application for a continuation, continuation-in-part, divisional, re-issue, re-examination, national phase entry, regional phase entry, or other application derived or claiming priority from the above applications, and to all our corresponding right, title and interest in and to any patent issued therefrom, including the exclusive right to bring or participate in any proceeding for past infringement or any other actionable right under any patent application or issued patent hereby assigned, and to receive all remedies that arise therefrom as fully and entirely as the same would have been held by us had this assignment not been made.


We agree that we will communicate to the assignee or its representatives any facts known to us respecting the invention(s), execute any papers, make any rightful oaths, and generally do everything reasonably possible relating to any patent application or issued patent hereby assigned to aid the assignee, its successors and assigns, to obtain and enforce protection for the invention(s) in any and all countries and jurisdictions.


This assignment may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which taken together will be deemed to constitute one and the same instrument. Delivery of an executed signature page to this assignment by any party by electronic transmission will be as effective as delivery of a manually executed copy thereof by such party.

This assignment shall be governed by and construed in accordance with the laws of the province of British Columbia and the applicable laws of Canada and shall be treated in all respects as a British Columbia contract. The Parties to this assignment hereby irrevocably and unconditionally attorn to the exclusive jurisdiction of the courts of the Province of British Columbia and all courts competent to

hear appeals therefrom, and where applicable, the Federal Court (Canada) and all courts competent to hear appeals therefrom.

We authorize the firm of MBM Intellectual Property Law to insert any further identification necessary to make this assignment suitable for recordation in the Patent Offices of any country as may be required.

CAVA Healthcare Inc	Signed:  Theo Warkentin By: Theo Warkentin, CEO Date: July 15, 2020
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Pacific Myco Bioscience Ltd.,	Signed:  Lyle Oberg, CEO Date: July 15, 2020
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