

TERMINATION, RELEASE AND INDEMNITY AGREEMENT

THIS AGREEMENT is entered into between Vet-Stem, Inc. (“**Vet-Stem**”) and Avivagen Animal Health Inc. (“**Avivagen**”) as of the 14 th day of December, 2011.

WHEREAS Vet-Stem and Avivagen (previously known as 7552882 Canada Inc.) are parties to a technology license agreement dated as of June 1, 2010 and executed by the parties as of June 3, 2010 (the “**Technology License Agreement**”) and a Vet-Stem Services Agreement dated as of June 1, 2010 and executed by the parties as of June 3, 2010 (the “**Services Agreement**”);

AND WHEREAS capitalized terms used but not defined in this Agreement shall have the meanings given to such terms in the Technology License Agreement;

AND WHEREAS Vet-Stem and Avivagen wish to terminate each of the Technology License Agreement and Services Agreement on and subject to the terms of this Agreement;

NOW THEREFORE in consideration of the mutual covenants and agreements contained herein, each of Vet-Stem and Avivagen agree as follows:

1. **Termination of Agreements.** Each of the Technology License Agreement and the Services Agreement is hereby terminated with effect as of December 31, 2011 (the “**Termination Date**”). From and after the Termination Date, Avivagen will have no right to use, and Avivagen will cease to use, any and all of Vet-Stem's Technology, Know-How, or Licensed IP.

2. **Transition Assistance.**

(a) Until March 31, 2012, Avivagen will use commercially reasonable efforts to assist Vet-Stem in the orderly transition of the customers (“**Customers**”) of the business conducted by Avivagen in the Territory pursuant to the rights granted under the Technology License Agreement and Services Agreement (the “**Business**”) to Vet-Stem or to a third party to whom Vet-Stem grants similar rights as were granted to Avivagen pursuant to the Technology License Agreement (the “**New Licensee**”).

(b) The transitional assistance referred to in Section 1(a) shall include distribution of a mutually agreeable letter to all Customers and Associates (i) announcing that Avivagen is ceasing to conduct the Business, and (ii) announcing that Vet-Stem (or the New Licensee) is available to provide similar services for the Customers and Associates, and (iii) seeking consent from each such Customer and Associate for Avivagen to transfer all information which Avivagen has on file and any of its Therapeutic Cells being stored by Avivagen to Vet-Stem or to the New Licensee. Upon receipt of such consent to transfer from any Customer or Associate, Avivagen shall transfer the applicable information and Therapeutic Cells as directed by Vet-Stem or the New Licensee, provided that Avivagen may keep a copy of file information for record keeping purposes only.

(c) Avivagen will provide laboratory evidence of sterility of banked cells at the time they were cryopreserved.

(d) For greater certainty, the foregoing obligations of Avivagen do not require the transfer of any assets of Avivagen to Vet-Stem or any Successor.

3. **Payment.** The following payments shall be made by Avivagen to Vet-Stem in full satisfaction of Avivagen's liabilities to Vet-Stem pursuant to the Technology License Agreement and the Services Agreement:

(a) Simultaneous with signing this Agreement, Avivagen shall pay to Vet-Stem the amount of US\$18,787.29; and

(b) On or before the earlier of:

a. June 30, 2012; and

b. Five days following the date on which Avivagen's parent corporation, Chemaphor Inc. ("**Chemaphor**"), has received cumulative since December 1, 2011, funds from debt or equity financings for gross proceeds of at least five hundred thousand dollars (\$500,000);

Avivagen shall pay to Vet-Stem the amount of US\$7,500.

4. **Confidentiality and Public Disclosure.**

(a) The parties agree that they shall continue to be bound and abide by the confidentiality obligations set forth in Section 6.2 of the Technology License Agreement and Section 6.2 of the Services Agreement.

(b) Following execution of this Agreement Avivagen may publicly disseminate a press release in the form attached hereto as Schedule "A" announcing termination of the Technology License Agreement and Services Agreement. Except as may be required by law, aside from disclosure consistent with the terms of the press release attached as Schedule "A" or to announce that Vet-Stem or the New Licensee is carrying on a similar business in Canada, neither party may make any public disclosure with respect to the matters to which this Agreement relates. Vet-Stem acknowledges that a copy of this Agreement must be filed by Avivagen with the securities commissions in the provinces of Quebec, Ontario, Alberta and British Columbia and with the TSX Venture Exchange and that a copy of this Agreement will consequently be available for public access on www.SEDAR.com.

(c) Within ten (10) days after signing this Agreement, Avivagen shall return to Vet-Stem all copies and embodiments of Vet-Stem's Know-How and Confidential Information.

- (d) Avivagen shall not make publications or public statements of information derived from use of Vet-Stem's Technology without the prior written approval from Vet-Stem, which approval will not be unreasonably withheld.

5. **Indemnification.**

- (a) Avivagen will defend, indemnify and hold Vet-Stem harmless from all losses, liabilities, damages and expenses (including attorneys' fees and costs) incurred as a result of any claim, demand, action or proceeding arising against Vet-Stem relating to the actions or omissions of Avivagen related to the Business.
- (b) Vet-Stem will defend, indemnify and hold Avivagen and Chemaphor harmless from all losses, liabilities, damages and expenses (including attorneys' fees and costs) incurred as a result of any claim, demand, action or proceeding arising against Avivagen or Chemaphor relating to the actions or omissions of Vet-Stem following the Termination Date.
- (c) The party entitled to indemnity pursuant to this Section 5 (each an "**Indemnified Party**") shall promptly notify the party having an obligation to indemnify pursuant to this Section 5 (the "**Indemnifying Party**") of any liability or action in respect of which the Indemnified Party intends to claim such indemnification, and the Indemnifying Party will have the right to assume the defense thereof with counsel selected by the Indemnifying Party. The indemnity agreement in this Section 5 shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action if such settlement is effected without the consent of the Indemnifying Party, which consent shall not be withheld unreasonably. The failure to deliver notice to the Indemnifying Party within a reasonable time after the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve the Indemnifying Party of any liability to the Indemnified Party under this Section 5. Each Indemnified Party and its employees and agents shall cooperate fully with the Indemnifying Party and its legal representatives in the investigation and defense of any action, claim or liability covered by this indemnification.

6. **Release.**

- (a) From and after the Termination Date neither of Vet-Stem or Avivagen shall have any further obligation to the other pursuant to the terms of either the Technology License Agreement or the Services Agreement. The only continuing obligations of each party to the other are those set out in this Agreement. For greater certainty, the survival provisions of Section 10.5 of the Technology License Agreement and Section 8.4 of the Services Agreement are agreed to be of no further force or effect.
- (b) On its own behalf and on behalf of its related companies, successors and assigns, Vet-Stem does hereby release and forever discharge Avivagen, Chempahor, their successors, administrators, assigns, affiliates and related companies and each of their respective shareholders, directors, officers and employees (collectively the "**Avivagen Released Parties**") of and from all actions, causes of action, damages, claims, cross claims and

demands whatsoever, (including all damage, loss and injury not now known or anticipated but which may arise in the future and all effects and consequences thereof), however and wherever arising, which Vet-Stem had, now has, or which Vet-Stem, its successors heirs, administrators and assigns or any of them hereafter can, shall or may have against the Avivagen Released Parties for any matter occurring or in existence prior to or on the date hereof. For greater certainty, the foregoing release shall not apply in respect of Avivagen's obligations under the terms of this Agreement.

- (c) On its own behalf and on behalf of its related companies, successors and assigns, Avivagen does hereby release and forever discharge Vet-Stem, its successors, administrators, assigns, affiliates and related companies and each of their respective shareholders, directors, officers and employees (collectively the "**Vet-Stem Released Parties**") of and from all actions, causes of action, damages, claims, cross claims and demands whatsoever, (including all damage, loss and injury not now known or anticipated but which may arise in the future and all effects and consequences thereof), however and wherever arising, which Avivagen had, now has, or which Avivagen, its successors heirs, administrators and assigns or any of them hereafter can, shall or may have against the Vet-Stem Released Parties for any matter occurring or in existence prior to or on the date hereof. For greater certainty, the foregoing release shall not apply in respect of Vet-Stem's obligations under the terms of this Agreement.

7. **Non-Disparagement.** Each of Vet-Stem and Avivagen agree not to disparage the other in any manner that may reasonably be expected to be harmful to them or their business or business reputation; provided that each may respond truthfully and fully to any question, inquiry, or request for information when required to do so by legal process.

8. **General.**

- (a) Each of Vet-Stem and Avivagen declares that it fully understands the terms of this Agreement, has obtained independent legal representation in connection with this Agreement and it voluntarily accepts same for the purpose of making full and final compromise, adjustment and settlement of all claims as aforesaid, whether arising by force of contract, at common law, or under applicable statutes.
- (b) If any term of this Agreement shall be held to be illegal, invalid or unenforceable by a court of competent jurisdiction, such term shall be deemed severed from this Agreement and the remaining terms shall remain in full force and effect.
- (c) This Agreement may be executed in counterparts and by fax and when taken together such counterparts shall constitute one and the same agreement.
- (d) This Agreement shall be governed by and construed in accordance with the laws of the State of California, USA. Each party hereby consents and attorns to the jurisdiction of the courts located in the State of California, USA and agrees not to oppose any action brought in the City of San Diego on the basis that the courts in the City of San Diego are not an appropriate or convenient forum for same.

IN WITNESS WHEREOF the parties have signed below to indicate their agreement to the foregoing terms.

VET-STEM, INC.

Per: (Signed)
Name: Robert J Harman
Title: CEO

AVIVAGEN ANIMAL HEALTH INC.

Per: (Signed)
Name: David Hankinson
Title: CEO
Avivagen Animal Health Inc
Chemaphor Inc

SCHEDULE “A” FORM OF PRESS RELEASE

CHEMAPHOR’S AVIVAGEN AND VET-STEM (USA) ANNOUNCE MUTUAL AGREEMENT TO TERMINATE LICENSE AGREEMENT

OTTAWA, ONTARIO, December ____, 2011 – Chemaphor Inc. (TSX Venture Exchange: CFR). Chemaphor Inc. announced today a mutual agreement with Vet-Stem Inc. (USA) to terminate the license issued by Vet-Stem to Chemaphor’s wholly owned subsidiary, Avivagen Animal Health Inc., for the conduct of VetStem RC regenerative cell therapy in companion animals in Canada, effective 31 December, 2011.

David Hankinson, CEO of Chemaphor and Avivagen, said “Avivagen was created a year ago to commercialize Chemaphor’s OxC-beta technology, first in supporting immune health in companion animals, with Oximunol™ Chewable Tablets, and subsequently to commercialize a non-antibiotic alternative feed additive for promoting health, safety and productivity in food animals. Transitioning from R&D-focused activities in Chemaphor to the commercially focused Avivagen has been accomplished, It is now time to focus the companies’ resources exclusively on the international growth opportunities presented by OxC-beta. We are grateful to Vet-stem for the help their technology has provided in launching and establishing Avivagen.”

After 31 December, 2011, Vet-Stem will assume responsibility for continued support, as may be necessary, of customers of Canadian veterinarians formerly served by Avivagen.

About VetStem RC Regenerative Cell Therapy

VetStem RC Regenerative Cell Therapy is scientifically proven for treatment of arthritic conditions and joint and ligament injuries in dogs, cats and horses. The procedure uses regenerative cells derived from an animal’s own fat tissue.

About OxC-beta and Oximunol™ Chewable Tablets.

OxC-beta is a fully oxidized form of β -carotene that is made up of compounds occurring naturally and extensively in the plant world and to which animals are exposed frequently through dietary or respiratory means. OxC-beta, provided in the form of Oximunol™ Chewable Tablets has been tested for safety in dogs. Clinical trials have shown the product offers significant health benefits in a palatable, chewable daily tablet. In clinical trials with poultry and swine, OxC-beta has shown it is competitive both in function and cost with the sub-therapeutic use of antibiotics in enhancing food animal production, without the potential risk of creating antibiotic resistance.

About Chemaphor

Chemaphor, a wellness company, is committed to developing and delivering products from its unique, proprietary OxC-beta technology to assist in optimizing health and daily quality of life in animals and humans. Chemaphor has commercialized its first product for the companion animal market, Oximunol™ Chewables for dogs, and is advancing product candidates in the food animal market and for potential human applications. More information can be found at www.chemaphor.com.

About Avivagen

Avivagen is a Canadian company, a wholly-owned subsidiary of Chemaphor, dedicated to improving the quality of life of animals through science-based, natural health products proven in clinical studies. More information can be found at www.avivagen.com.