

CONSOLIDATED, RESTATED AND EXPANDED LICENSE AGREEMENT

BETWEEN

OCEANS FIVE-O DEVELOPMENT CORP. AND AVAPECIA LIFE SCIENCES CORP.

This License Agreement is made as of the License Effective Date, BETWEEN:

Oceans Five-O Development Corp., a company incorporated in the Province of British Columbia.

with service address of 2270-8788 McKim Way, Richmond, BC V6X 4E2

Attn: Patent Administrator:

Email: [REDACTED]

Tel: [REDACTED]

(“Grantor”)

AND:

Avapecia Life Sciences Corp. a company incorporated in the Province of British Columbia.

with service address of 2270-8788 McKim Way, Richmond, BC V6X 4E2

Attn: Director

Email: [REDACTED]

Tel: [REDACTED]

(the “Company” or “Licensee”)

BACKGROUND:

- A. Grantor has invented, developed and/or acquired the Licensed Technology;
- B. On May 12, 2014, the Company acquired the Field of Alopecia Areata and Telogen Effluvium from 0990717 B.C. Ltd. (“717”), whereby the License Agreement was between 717 and Grantor with a License Effective Date of January 31, 2014.
- C. On May 12, 2014, the Company acquired the Field of Androgenetic Alopecia from 0990719 B.C. Ltd. (“719”), whereby the License Agreement was between 719 and Grantor with a License Effective Date of January 31, 2014.
- D. On December 21, 2015, the Company acquired the Fields of Urogynaecology and Female Urinary Incontinence from Liberty Biopharma Inc. (“Liberty”), whereby the License Agreements were between Liberty and Grantor with a License Effective Dates of June 12, 2012 and February 10, 2014.
- E. Grantor and Company wishes to consolidate, restate and expand the above noted License Agreements and Amendments to use the Licensed Technology to make, market and sell products and services on the terms and conditions set out in this License Agreement;
- F. This consolidated, restated and expanded license is intended to replace and supersedes all prior license agreements, amendments, addendums and oral agreements.

NOW THEREFORE, in consideration of the foregoing premises, the mutual covenants and obligations contained in this License Agreement, and other good and valuable consideration, Grantor and Licensee agree as follows:

1.0 DEFINITIONS

1.1 In this License Agreement:

- (a) “**Annual Report**” means a report in the form referred to in section 12.2(b);
- (b) “**Affiliate**” means any individual, corporation, partnership, trust, entity or other person that directly, or indirectly through one or more intermediates, controls, is controlled by, or is under common control with a party hereto. The term “control” means the possession, directly or indirectly, of at least 50% of the share capital or voting rights or of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, by contract or otherwise;
- (c) “**Materials**” means the materials and services (which may include biological materials, contract services, admin services, research services, technical services, etc.), if any, described in Schedule “C” attached to this License Agreement;
- (d) “Intentionally Deleted”
- (e) “**Combination Product**” has the meaning ascribed to it in section 5.3;
- (f) “**Commercial Sale**” means the sale or other transfer of a Licensed Product for consideration, provided however that the transfer of such Licensed Product to a third party on an at-cost basis for use solely in research development, testing, trials for regulatory approval or as marketing samples to promote such Licensed Product will not constitute a Commercial Sale;
- (g) “**Confidential Information**” means the terms and conditions of this License Agreement, except as permitted under section 10.5, and any and all discoveries, inventions, processes, methods, techniques, know-how, trade secrets, and intellectual property and proprietary rights relating to the Licensed Technology, expressed in whatever form and may include technical information, procedures, formulae, protocols, software, specifications, flowcharts, instructions, research, financial or marketing data, business plans, patent applications, and other documents and materials, and all modifications, variations, updates, enhancements and improvements thereof, that are disclosed by one party to the other party during the Term of this License Agreement. Confidential Information may include unique combinations of separate items, which individually may or may not be confidential. To constitute Confidential Information of a party, the party must designate or otherwise indicate that the Confidential Information is confidential at the time of disclosure, and if such disclosure was made in writing or in other tangible form, it was marked “confidential”, and if made orally, it was or will be reduced to writing or in other tangible form and marked “confidential” within 30 days of the oral disclosure. However, “Confidential Information” does not include:
 - (i) information that is in the public domain at the time it is received by the receiving party;
 - (ii) information that after receipt thereof by the receiving party enters the public domain other than through a breach of this License Agreement by the receiving party;
 - (iii) information that the receiving party can show was, prior to receipt thereof from the disclosing party, lawfully in the possession of the receiving party and not

then subject to any obligation on the part of the receiving party to maintain the confidentiality thereof;

- (iv) information that the receiving party can show was independently developed by employees, agents or consultants of the receiving party without any knowledge or use of the information disclosed by the disclosing party under this License Agreement; or
 - (v) information that is approved in writing by the disclosing party for disclosure, provided that the disclosure by the receiving party was made in accordance with the terms of such approval;
- (h) “**Dispute**” has the meaning ascribed to it in section 18.2;
 - (i) “**Field of Use**” means all fields unless expressly set out in Schedule “A” attached to this License Agreement;
 - (j) “Intentionally Deleted”
 - (k) “**Initial License Fee**” is defined in section 3.5;
 - (l) “**Grantor Trade-marks**” means any mark, trade-mark, service mark, logo, insignia, seal, design, symbol or device used by Grantor;
 - (m) “**Inventory Sale Period**” is the period described in section 17.6 following expiry or earlier termination of the Term in which Licensee and its Sublicensees are permitted to sell any Licensed Products remaining in their respective inventory or stock;
 - (n) “**Licensed Patents**” means the patents and patent applications listed in Schedule “A” attached to this License Agreement which are owned by Grantor, including any renewal, division, continuation, continued prosecution application or continuation-in-part of any of such patents and applications, any and all patents or certificates of invention issuing thereon, and any and all reissues, re-examinations, extensions, divisions, renewals, substitutions, confirmations, registrations, revalidations, revisions, supplementary protection certificates and additions of or to any of the foregoing, and any foreign counterparts of any of the foregoing;
 - (o) “**Licensed Product**” means any product, device, component, method or procedure in the Field of Use, the manufacture, use, distribution, delivery or sale of which would infringe a Valid Claim or trade secrets of Grantor in the country of such manufacture, use, distribution, delivery or sale, but for the license granted in section 3.1;
 - (p) “**Licensed Technology**” means;
 - (i) any and all discoveries, inventions, processes, methods, techniques, know-how, and intellectual property and proprietary rights, expressed in whatever form including technical information, processes, procedures, cell lines, methods, formulae, protocols, software, specifications, instructions, data, documents and materials described in Schedule “A” attached to this License Agreement that are owned by Grantor during the Term, in the Field of Use and Territory (including those contained in or directly relate to the Licensed Patents); and
 - (ii) any and all modifications, variations, updates, enhancements and improvements owned by Grantor during the Term in and to any of the foregoing in paragraph (i)

that are conceived or reduced to practice by one or more of the inventors, principal investigators and/or other individuals identified in Schedule "A" attached to this License Agreement;

but excluding any of those in paragraph (i) or (ii) that is conceived or reduced to practice by Grantor:

- (A) under one or more Research Development Agreement Template(s) entered into between Grantor and Company, in which case the terms and conditions of such agreement(s) will govern its ownership and use; and/or
 - (B) under one or more research agreements entered into between Grantor and third parties, in which case the terms and conditions of such agreements will govern its ownership and use, provided that they are consistent with the exercise by Grantor of the rights retained by Grantor under section 3.4;
- (q) **"License Effective Date"** means the date set out on the signatory page of this License Agreement;
- (r) **"Net Sales"** means all revenues, receipts, money, and the fair market value of any shares or other securities, or other consideration directly or indirectly collected or received whether by way of cash, credit or other value received by Licensee (but not including Sublicensing Revenue) from the use, marketing, manufacturing, sale or distribution of the Licensed Technology and/or any Licensed Products. With respect to the sale or other disposition of Licensed Products in particular,
- (i) only the following deductions from Net Sales will be permitted:
 - (A) discounts, chargebacks, allowances for bad debts or uncollectible amounts, Medicaid/Medicare rebates (other than as described in (D) below) and allowances actually taken;
 - (B) sales, use, value added and excise taxes, import and customs duties, tariffs, and any other similar taxes, duties or tariffs, to the extent actually paid by the selling party;
 - (C) freight, insurance, packaging costs and other transportation charges to the extent added to the sales price; and
 - (D) amounts repaid or credits taken by reason of rejections, defects or returns or because of retroactive price reductions or due to recalls or government laws or regulations requiring rebates.
 - (ii) Licensed Products furnished to a third party on an at-cost basis or for which payment is not intended to be received, including, but not limited to, for use solely in research development, testing, trials for regulatory approval or as marketing samples to promote such Licensed Products, are not to be included in the calculation of Net Sales;
- (s) **"Payment Report"** means a report in the form referred to in section 12.2(a) setting out in detail how the amount of Net Sales and Sublicensing Revenue was determined;

- (t) “**Royalty Due Dates**” means the last day of June and December of each year during the Term of this License Agreement;
- (u) “**Sublicense Agreement**” has the meaning ascribed to it in section 3.2;
- (v) “**Sublicensee**” means an individual, entity or person that is expressly licensed by Licensee, pursuant to the authority granted in this License Agreement to grant sublicenses under the Licensed Technology;
- (w) “**Sublicensing Revenue**” means all revenues, receipts, monies, and the fair market value of any shares or other securities and all other consideration directly or indirectly collected or received whether by way of cash, credit or other value received by Licensee pursuant to each sublicense agreement relating to the Licensed Technology, and/or any Licensed Products, including, without limitation, all:
 - (i) milestone payments, royalties, license fees; and
 - (ii) research or development fees in excess of the direct reimbursement for the actual costs of such research and development incurred by Licensee pursuant to a written research plan and agreement, received by Licensee from any Sublicensee relating to the Licensed Technology and/or any Licensed Products, but excluding any amounts received and expended by Licensee to add, modify, improve or enhance manufacturing and other infrastructure facilities required for the development and production of the Licensed Technology and/or Licensed Products;
- (x) “**Patent Administrator**” means the individual described in section 2.1;
- (y) “**Term**” means the period described in Article 16;
- (z) “**Territory**” means the world unless expressly set out in Schedule “A” attached to this License Agreement; and
- (aa) “**Valid Claim**” means (a) any claim of an issued and unexpired patent within the Licensed Patents which has not been held unenforceable or invalid by a court or other governmental agency of competent jurisdiction in a decision that is not subject to appeal, and which has not been disclaimed or admitted to be invalid or unenforceable through reissue or otherwise, or (b) a pending claim in a pending patent application within the Licensed Patents.

2.0 PROPERTY RIGHTS IN THE LICENSED TECHNOLOGY

2.1 Representation of Grantor. Licensee acknowledges and accepts that Grantor represents that (i) the Grantor owns all rights, title and interest in and to the Licensed Technology, and (ii) as of the Effective Date, Grantor is not aware of, nor has Grantor received notice of any allegations or claims that the Licensed Technology infringe the patent or other proprietary rights of any third party. Licensee acknowledges and accepts that Grantor has made no inquiries or undertaken any due diligence with respect to these representations and that such representations are limited to the best knowledge and belief of the Grantor’s Patent Administrator, without further inquiry. If, during the Term, the Patent Administrator becomes aware of, or has received notice of, any allegations or claims that the Licensed Technology infringes the patent or other proprietary rights of any third party, the Patent Administrator will so promptly notify Licensee in writing.

2.2 Ownership of Licensed Technology. Licensee will, at the request of Grantor, sign all documents as may be required to ensure that ownership of the Licensed Technology remain with the Grantor.

2.3 Report on Improvements. On the last working day of June of each year during the Term, Licensee will provide Grantor with a report on any improvements in and to the Licensed Technology which Licensee and its Sublicensees may have developed and/or acquired in the preceding 12-month period in sufficient detail to allow for an assessment by Grantor of inventorship and patentability of the improvements.

3.0 GRANT OF LICENSE

3.1 License Grant. Subject to the terms and conditions of this License Agreement, Grantor hereby grants Licensee an exclusive, royalty-bearing right and license, including the right to grant sublicenses: (a) to use and practise the Licensed Technology in the Field of Use and Territory, including without limitation the right to use, copy, modify, distribute, make derivative works of and otherwise exploit the Licensed Technology; and (b) under the Licensed Technology (including, without limitation, the Licensed Patents) to make, use, sell, distribute, deliver, offer to sell, import, export and practise products and processes in the Field of Use and Territory and to have such rights exercised on Licensee's behalf by third parties. Licensee's license is exclusive even as against Grantor for the purposes stated above in the Field of Use and Territory except as set out in section 3.4.

3.2 Sublicensing. Any sublicense grant of rights to the Licensed Technology will be restricted to the Field of Use and Territory and will be subject to substantially the same terms and conditions as set out in this License Agreement (the "**Sublicense Agreement**"), with the exception of those terms and conditions that relate to additional royalties and additional consideration that Licensee may require a Sublicensee to pay to Licensee under the Sublicense Agreement, provided that regardless of the amount of these additional royalties and consideration between Licensee and Sublicensee, the royalty on Commercial Sale of the Licensed Product paid by Sublicensee to Licensee will not be lower than the royalty on Commercial Sale of the Licensed Product payable by Licensee to Licensor under this License Agreement. Licensee will not receive from Sublicensee anything of value in lieu of cash payments in consideration for any sublicense granted under this License Agreement without the prior written consent of Licensor. Each Sublicense Agreement will specifically reference this License Agreement and all rights in it that are retained by Grantor. At least 30 days prior to the execution of the Sublicense Agreement, Licensee will forward to Grantor a final draft copy of the Sublicense Agreement for Grantor's consideration and approval, not to be unreasonably withheld or delayed. Within 30 days of receipt of the Sublicense Agreement, Grantor will notify Licensee in writing of the Grantor's approval or rejection, and if rejection, the reasons for such rejection and the revisions which Grantor would require Licensee to make to the Sublicense Agreement. In the event Grantor fails to so respond to Licensee within the 30-day period, Grantor will be deemed to have approved the Sublicense Agreement. Should the Sublicense Agreement be written in a language other than English, Licensee will provide Grantor with an English translation of the Sublicense Agreement. If Grantor approves the Sublicense Agreement, Licensee will provide Grantor with a fully executed copy of the Sublicense Agreement within 15 days of its execution.

3.3 Sub-Sublicensing. Any sublicense granted by Licensee will be granted only to the Sublicensee and cannot be assigned or further sub-sublicensed without the prior written consent of Grantor, not to be unreasonably withheld or delayed.

3.4 Rights Retained By Grantor. In granting the license hereunder or the subsequent grant of any sub-license by Licensee, no restriction will be placed on Grantor's retained right to make, use and practise, and to permit other research organizations under a written agreement to make, use and practise, the Licensed Technology for (i) research including diagnostic and prognostic applications in clinical trials

(excluding therapeutic applications in clinical trials or otherwise), (ii) scholarly publication provided that such disclosure is made in accordance with section 10.4, (iii) education, and (iv) other non-commercial purposes. Nothing in this License Agreement restricts the right of Grantor to use and practise the Licensed Technology outside the Field of Use or Territory for any purpose, including commercial purposes, and to license others to do the same.

3.5 Initial License Fee. In consideration of the license granted herein, Licensee will pay to Grantor a non-refundable initial license fee in the amount set out in Schedule “B” of this License Agreement (the “**Initial License Fee**”) due and payable immediately upon execution of this License Agreement.

4.0 MATERIALS

4.1 Materials. In the event that Materials are necessary to enable Licensee to use the Licensed Technology as set out in this License Agreement, and to the extent that Grantor owns or has rights to and can provide such Materials, Grantor will provide such Materials to Licensee on the terms and conditions set out in Schedule “C” attached to this License Agreement.

5.0 ROYALTIES AND OTHER AMOUNTS

5.1 Royalty Amounts. In consideration of the license granted herein and for the Term of this License Agreement, Licensee will pay to Grantor, in the manner designated in this License Agreement, as earned royalty, the amounts set out in Schedule “B” attached to this License Agreement.

5.2 Royalty Stacking. The parties recognize and agree that, in order to develop and commercialize products, devices, components, methods and/or procedures within the Field of Use and Territory, it will be necessary for Licensee and/or its Sublicensees to make use of and/or incorporate multiple elements of intellectual property from multiple sources. Licensee and/or its Sublicensees will determine, in their sole judgment, which elements of intellectual property are necessary and/or desirable for the development and/or commercialization of the Licensed Technology. Royalty payments or license fees to third parties may occur if intellectual property owned by a third party is required or desirable for the commercialization of the Licensed Technology and/or Licensed Products in the Field of Use and Territory. All types of payments to third parties that Licensee and/or its Sublicensees have determined and/or may determine are necessary or desirable to obtain licenses or other rights to use or incorporate intellectual property or products other than the Licensed Technology and Licensed Products relating to development and commercialization of the Field Of Use and Territory, will be creditable against royalties otherwise owed to Grantor hereunder; provided, that in no one year will such expenses be credited against more than thirty percent (30%) of royalty payments otherwise owed to Grantor (except as expressly permitted by section 8.1), and that any greater amount of such expenses may be carried over and credited against royalties owed in future years, unless the parties have agreed to and expressly determined otherwise in Schedule “B” attached to this License Agreement. In any event, in order for payments to third parties to be credited, such payments must have been made in good faith.

5.3 Combination Products. If Licensee, or Sublicensee as the case may be, sells a Licensed Product in combination with another product or products where one or more of such products are not Licensed Products (a “**Combination Product**”), Net Sales under such circumstances will be calculated by multiplying the Net Sales of the Combination Product (as defined in the standard Net Sales definition) by the fraction, $A/(A + B)$ where A is the average sale price of the Licensed Product when sold separately in finished form and B is the average sale price of the other product(s) sold separately in finished form. In the event that the average sale price of the Licensed Product can be determined but the average sale price of the other product(s) in the Combination Product cannot be determined, Net Sales for purposes of determining royalty payments will be calculated multiplying the Net Sales of the

Combination Products by the fraction $C/(C + D)$ where C is Licensee's, or Sublicensee's, average sales price of the Licensed Product and D is the difference between the average selling price of the Combination Product and the average selling price of the Licensed Product. If the average sale price of the other product(s) in the Combination Product can be determined but the average price of the Licensed Product cannot be determined, Net Sales for purposes of determining royalty payment will be calculated by multiplying the Net Sales of the Combination Products by the following formula: one (1) minus $C/(C + D)$ where C is the average selling price of the other product(s) and D is the difference between the average selling price of the Combination Products and the average selling price of the other product(s). Where neither the average sale price of the Licensed Product nor the average sale price of the other products in the Combination Product can be determined, Net Sales for purposes of determining royalty payment will be (a) the Net Sales received for Combination Products (b) multiplied by a fraction wherein the numerator is the fully burdened cost for the Licensed Product and the denominator is the fully burdened cost for the Combination Product. The Net Sales price for a Combination Product will be calculated at the beginning of each calendar year, and such price will be used during all applicable royalty reporting periods for that calendar year. When determining the average sale price of a Licensed Product, the average sale price will be calculated using data arising from the twelve (12) months (or such lesser number of months for which there may be sales data) preceding the calculation of the Net Sales price for the Combination Product."

5.4 Royalty Payment Dates. Licensee will pay any royalties due and payable on Net Sales and Sublicensing Revenue within 30 days after a Royalty Due Date for the six-month period immediately ending on the applicable Royalty Due Date.

5.5 Payment in Canadian Dollars. All amounts due to Grantor under this License Agreement are in Canadian dollars and are to be paid in Canadian dollars. With respect to Net Sales and Sublicensing Revenue received in currency other than Canadian dollars, calculations required to ascertain amounts due Grantor and any currency conversion necessary to make payment of amounts due Grantor will be made using the official exchange rate quoted by the bank designated by the Grantor in Schedule "B" of this License Agreement for buying Canadian dollars with such currency on the day transfer of funds is actually made. The amount of Canadian dollars resulting from the currency conversion will form part of the Net Sales or Sublicensing Revenue, as the case may be.

5.6 Payment Absolute. The obligation of Licensee to make all payments under this License Agreement is absolute and unconditional and is not, except as expressly set out in this License Agreement, affected by any circumstance, including without limitation any set-off, compensation, counterclaim, recoupment, defence or other right which Licensee may have against Grantor.

5.7 Deemed Sale. A Licensed Product is deemed to have been sold by Licensee so that such sale is to be included in the Net Sales, when paid for, or if not paid, 30 days after it has been invoiced or delivered, whichever is the first to occur. Licensee is deemed to have received Sublicensing Revenue at the time the consideration is due from the Sublicensee.

5.8 Deemed Fair Market Value. Except as set out in section 5.9, any transaction, disposition, or other dealing involving all or part of the Licensed Technology or Licensed Products, between Licensee and another person, that is not made at fair market value is deemed to have been made at fair market value, and the fair market value of the transaction, disposition, or other dealing will be added to and deemed part of the Net Sales or Sublicensing Revenue, as the case may be, to be included in the calculation of royalties payable under this License Agreement.

5.9 Dealings with Affiliate. No royalty will be payable with respect to any transfer of a Licensed Product between Licensee and its Affiliates on an at-cost basis for use solely in research, development, testing, trials for regulatory approval or as marketing samples to promote such Licensed Product. Except under the circumstances set out in the foregoing, royalty will accrue upon the first sale or transfer of a Licensed Product to a third party or Affiliate of Licensee.

5.10 Taxes. Licensee will pay all taxes and any related interest or penalty designated in any manner and imposed as a result of the existence or operation of this License Agreement, including without limitation tax which Licensee is required to withhold or deduct from payments to Grantor. Licensee will provide to Grantor evidence as may be required by Canadian authorities to establish that the tax has been paid. The royalties and other amounts specified in this License Agreement are exclusive of taxes. If Grantor is required to collect a tax to be paid by Licensee or any of its Sublicensees, Licensee will pay the tax to Grantor on demand.

5.11 Interest Charges. All amounts due and owing to Grantor but not paid by Licensee on the due date will bear interest from the due date in Canadian dollars at the rate of 12 per cent (12%) per annum (calculated and compounded on a monthly basis), until such time that all of the outstanding amount and interest thereon is paid in full.

6.0 PATENTS

6.1 Patent Prosecution by Grantor. Licensee may identify any process, use or products arising out of the Licensed Technology that may be patentable. Grantor will, at the request of Licensee, take reasonable steps to apply for a patent in the name of Grantor. Grantor will be responsible for the preparation, filing, prosecution and maintenance of all patent applications and patents with respect to the Licensed Technology, and Licensee will pay all costs of applying for, registering and maintaining the patent in the jurisdictions in which Licensee designates that a patent is required. Grantor may require Licensee to pay a reasonable amount to Grantor as an advance against the anticipated patent expenses. Grantor will provide Licensee with all documentation and correspondence from, sent to or filed with patent offices regarding the Licensed Patents and with a reasonable opportunity to review and comment upon all filings with such patent offices in advance; provided however that Grantor, in Grantor's sole discretion, will finally decide on all filings and actions with said patent offices. All such documentation provided by Grantor to Licensee will be maintained by Licensee as Confidential Information of the Grantor. In the event that Licensee fails to pay for the costs of applying for, registering or maintaining the patent in the jurisdictions in which Licensee designates that a patent is required, Licensee will relinquish all licensed rights to such patent application or patent.

6.2 Patent Prosecution by Licensee. At the request of Licensee, Grantor may, in its sole discretion, appoint Licensee, on one or more occasions, as its agent to prepare, file, prosecute and maintain any or all of the patent rights relating to the Licensed Technology in the name of Grantor, provided that Licensee (i) seeks and maintains the strongest and broadest patent claims practicable in the best interest of Grantor, (ii) uses patent attorneys acceptable to Grantor, (iii) complies with other reasonable requirements which Grantor may impose, (iv) obtains the prior written approval of the Grantor before proceeding with the preparation, filing, prosecution and maintenance of such patent rights. Licensee will provide Grantor with all documentation and correspondence from, sent to or filed with patent offices regarding the Licensed Patents and with a reasonable opportunity to review and comment upon all filings with such patent offices in advance. With respect to Licensed Patents, Licensee will have the right to file, prosecute and maintain patent applications and patent if Licensee pays for all of the expenses. In the event that Licensee elects not to file any patent application within the Licensed Patents, or thereafter elects not to continue prosecution of any such patent application, or elects not to maintain any patent that may issue therefrom and thereby relinquishes all licensed rights to such patent application or patent, Licensee will promptly and on a timely basis notify Grantor thereof and Grantor will have the right but not the obligation, at Grantor's option and expense, to file, prosecute and maintain such patents or patent applications. Licensee will reasonably cooperate with and assist Grantor in connection with any filing, prosecution and maintenance activities undertaken by Grantor in accordance with this section. Grantor will consult with Licensee sufficiently in advance to provide Licensee a reasonable opportunity to comment with respect to such filing, prosecution and maintenance activities. Any and all patents for which Licensee elects not to maintain or continue

prosecution will not be considered Licensed Patents hereunder.

6.3 Licensee of New Patents. On the issuance of a patent obtained under section 6.1 or 6.2, Licensee becomes the licensee of the patent on the same terms and conditions as those set out in this License Agreement.

6.4 No Contest. During the Term, Licensee will not contest the validity or scope of any patents licensed hereunder relating to the Licensed Technology, except if required by Licensee to fulfill its legal duty or obligation imposed by any applicable law, rule or regulation.

6.5 Patent Markings. During the Term, Licensee will ensure proper patent marking for all uses of the Licensed Technology, including appropriate patent numbers on any Licensed Products made using the Licensed Technology.

7.0 DISCLAIMER OF WARRANTY

7.1 Technology Disclaimer. Except as expressly set out in section 2.1, Grantor makes no representations, conditions, or warranties, either express or implied, with respect to the Licensed Technology or that the exercise by Licensee of the rights granted under this License Agreement will not infringe the patent or proprietary rights of a third party. Without limitation, Grantor specifically disclaims any implied warranty, condition, or representation that the Licensed Technology:

- (a) corresponds to a particular description;
- (b) is of merchantable quality;
- (c) is fit for a particular purpose; or
- (d) is durable for a reasonable period of time.

7.2 Damages. Grantor will not be liable for any damage or loss, whether direct, consequential, incidental, or special which Licensee or its agents suffer arising from any defect, error or fault of the Licensed Technology or its failure to perform, even if Grantor has been advised of the possibility of such defect, error, fault, or failure. Licensee acknowledges that it has been advised by Grantor to undertake its own due diligence regarding the Licensed Technology.

7.3 Third Party Claims or Infringement. Except as expressly set out herein, nothing in this License Agreement:

- (a) constitutes a warranty or representation by Grantor as to title to the Licensed Technology or that anything made, used, sold or otherwise disposed of under any license granted under this License Agreement is or will be free from claims or allegations of infringement of patents, copyrights, trade-marks, industrial design or other intellectual property rights; or
- (b) imposes an obligation on Grantor to bring or prosecute or defend actions or suits against third parties for infringement of patents, copyrights, trade-marks, industrial designs or other intellectual property or contractual rights.

8.0 PATENT INFRINGEMENT, MISAPPROPRIATION AND ENFORCEMENT

8.1 Licensed Technology Infringes Third Party Rights. Should any third party threaten

or make a complaint or claim that the manufacture, use, import or sale of a Licensed Product or the use of the Licensed Technology by Licensee or its Sublicensees infringes or constitutes wrongful use of such third party's intellectual property rights during the Term, Licensee will give Grantor prompt written notice detailing as many facts as reasonably practicable concerning such complaint and the positions taken by the third party and taken or proposed to be taken by Licensee. Licensee will bear all costs and expenses (including legal fees) incurred by Licensee or any Sublicensee in investigating, resisting, litigating and settling the complaint, including payment of any award of damages and/or costs to any third party to the extent that such complaints are based on the use or practice by Licensee (or Sublicensees) of the Licensed Technology in the Field of Use and Territory, without the right to credit any of such expenses, costs, fees and other payments against earned royalties from sales of Licensed Products in those countries where such Licensed Products or Licensed Technology are subject to such complaints, except as expressly permitted under this section 8.1. Licensee will not make any decision or take any action concerning or governing any final disposition of the complaint without full consultation with, and approval of, Grantor not to be unreasonably withheld or delayed. Grantor may elect to participate as a party in the litigation if permitted by the court, and will bear its expenses associated with such participation, subject to the possibility of recovery by it of some or all of its expenses from the third party. Licensee will place into a trust account to be held by Grantor all royalties due and payable to Grantor under this License Agreement from the date Licensee received notice of the third party complaint to the date of its settlement or other final disposition. If the third party succeeds in its complaint, Grantor will return to Licensee the royalties Grantor held in its trust account, provided that the amount being returned is not more than the amount Licensee is required to pay the third party as settlement or other final disposition of the complaint. However, in the event Licensee is required to pay the third party as settlement or other final disposition an amount that exceeds the amount placed by Licensee into the trust account, Licensee may credit the excess of such amount against all royalties and other payments that Licensee is required to make to Grantor under this License Agreement until the excess amount has been credited in full. If the third party does not succeed in its complaint, Grantor will be free to release and to use the royalties in the trust account, and Licensee will be free to retain for itself the amounts of any and all damages and other relief (including, without limitation, any punitive, aggravated and special damages) that a court may award to it or as may be settled by Licensee and the third party.

8.2 Third Party Infringes Licensed Technology. Grantor and Licensee agree that, should either party become aware of, any actual or potential infringement or wrongful use of the Licensed Technology in the Field of Use and Territory by a third party during the Term, that party will give the other party prompt notice detailing as many facts as reasonably practicable concerning such infringement or potential infringement or wrongful use, and the positions taken by the third party and taken or proposed to be taken by Licensee. During the Term and so long as Licensee remains the exclusive licensee of the Licensed Technology in the Field of Use and Territory, Licensee may, on receiving prior written consent of Grantor, not to be unreasonably withheld or delayed, institute litigation designed to enjoin infringers of the Licensed Technology in the Field of Use and Territory. Grantor will reasonably co-operate with Licensee including the signing of all necessary documents to vest in Licensee the right to institute the litigation, provided that Licensee will bear all of the direct and indirect costs and expenses associated with instituting and conducting the litigation or settlement. If Licensee succeeds in the litigation, Licensee will be free to retain for itself the amounts of any and all damages and other relief (including, without limitation, any punitive, aggravated and special damages) that a court may award to it or as may be settled by Licensee and third party, after deducting from such award or settlement (i) all costs and expenses (including legal fees) incurred by Licensee or any Sublicensee in investigating, litigating and settling the infringement by the third party, and (ii) for purposes of remitting to Grantor, the amount of royalties that would otherwise be due and payable by Licensee to Grantor under this License Agreement had sales of Licensed Product in the Field of Use and Territory not been lost or otherwise adversely affected by the infringing activities of the third party. If Licensee has not commenced or actively pursued diligent investigation of the infringing activities of the third party within 120 days of receipt or submission of notice of the infringing activities of the third party, or if such investigations were commenced or pursued but Licensee has not instituted litigation within 180 days of receipt or submission of

notice of the infringing activities of the third party, Grantor will have the right to institute litigation, in its own name and at its own expense, against the third party. Grantor will have the right to join Licensee as a party plaintiff in any litigation brought by Grantor to enforce Grantor's intellectual property rights in the Licensed Technology in the Field of Use and Territory. Grantor will pay all expenses incurred by Licensee in connection with Licensee's participation as a party plaintiff in the litigation, and Grantor will be free to retain for itself the amounts of any and all damages and other relief (including, without limitation, any punitive, aggravated and special damages) that a court may award to it or as may be settled by Grantor and the third party.

8.3 Confidential and Privileged Communications. The parties agree that all information exchanged between them pursuant to section 8.1 and/or 8.2 will be treated as confidential and that neither party will disclose such information, or waive any privilege, including but not limited to solicitor-client privilege or joint defence privilege, without the prior written consent of the other party, such consent not to be unreasonably withheld or delayed.

9.0 INDEMNITY & LIMITATION OF LIABILITY

9.1 Indemnification by Licensee. Licensee agrees to indemnify, hold harmless and defend Grantor, its Board of Governors, directors, officers, employees, faculty, students, invitees, and agents (the "**Indemnified Parties**") against any and all third party demands, claims, suits, proceedings, actions of any nature or kind whatsoever ("**Claims**"), liabilities, damages, judgments, costs, expenses and fees (including reasonable legal expenses) ("**Losses**") arising out of or in any way associated with this License Agreement, including, without limitation, the use, manufacture, marketing and sale of the Licensed Products in the Field of Use, the use of the Licensed Technology in the Field of Use and Territory, whether by Licensee or its Sublicensees or their customers or end-users, and any damage, loss, cost or expense incurred by the Indemnified Parties relating to Claims that the Licensed Products and/or Licensed Technology infringe the patent or other proprietary rights of a third party, to the extent that such Claims or Losses do not result from the gross negligence or willful misconduct of any of the Indemnified Parties.

9.2 Limitation of Liability. Except for a breach by the Indemnified Parties of Article 10, the total liability of the Indemnified Parties to Licensee, whether under the express or implied terms of this License Agreement, in tort (including negligence), contract or otherwise, for Losses suffered by Licensee that may arise out of or in any way be associated with this License Agreement is, in the aggregate, limited to the amount of the \$100,000 Canadian Dollars.

9.3 Consequential Damages. Except for damages or losses arising out of or associated with a breach of Article 10, neither party will have any liability of any kind to the other party for any indirect, incidental, special or consequential damages or losses, however caused, even if such party has been advised of the possibility of such damages or losses.

10.0 CONFIDENTIALITY AND PUBLICATION

10.1 Use of Confidential Information. During the Term, the receiving party will limit disclosure of the disclosing party's Confidential Information to those directors, officers, employees, agents, consultants and professional advisors of the receiving party who need to know the Confidential Information of the disclosing party in order to assist the receiving party perform the activities directly related to this License Agreement, and the receiving party will ensure that such directors, officers, employees, agents, consultants and professional advisors will agree to, and be bound by, the terms of this Article 10. Except as expressly permitted in this License Agreement, Confidential Information of the disclosing party will not be copied or otherwise reproduced by the receiving party without the express written permission of the disclosing party. All copies will, on reproduction by the receiving party, contain the same disclosing party proprietary and confidential notices and legends which appear on the

original Confidential Information, unless authorized otherwise by the disclosing party in writing.

10.2 Obligation of Confidentiality. During the Term and for five (5) years thereafter, the receiving party will use reasonable efforts to keep the disclosing party's Confidential Information confidential and will not, directly or indirectly, deal with, use, exploit or disclose such Confidential Information to any person or entity for any purpose except as expressly set out in this License Agreement or unless and until expressly authorized in writing to do so by the disclosing party. Disclosure or use of the Confidential Information by the receiving party in breach of this License Agreement will be deemed to cause the disclosing party irreparable harm for which damages are not an adequate remedy.

10.3 Disclosure Required By Law. If the receiving party is required by a judicial, administrative or other legal process to disclose the disclosing party's Confidential Information, the receiving party will promptly notify the disclosing party and allow the disclosing party reasonable time to oppose the process before disclosing the Confidential Information.

10.4 Publication. Licensee acknowledges that Grantor's may need to publish or present the results of research conducted by Grantor's researchers. Licensee will be provided with a copy of any proposed presentation or publication concerning the Licensed Technology in the Field of Use at least 60 days prior to its presentation or submission for publication, and will have 30 days from receipt of the proposed presentation or publication to review same for patentable subject matter or Confidential Information of Licensee. Failure of Licensee to respond to Grantor within the 30-day period will be deemed acceptance by Licensee of the proposed presentation or publication and Grantor may proceed with such presentation or publication without further notice to Licensee. The parties agree that the purpose of this section is to protect the rights of Grantor and Licensee relating to potentially patentable inventions arising from research conducted by Grantor's researchers on the Licensed Technology in the Field of Use, and the rights of Licensee in Licensee's Confidential Information. Any Licensee's Confidential Information will be removed from the proposed presentation or publication, and any contemplated presentation or publication concerning details of an invention arising from such research will be delayed for 90 days from the date of receipt by Licensee of the proposed presentation or publication or until a patent application may be filed or other appropriate steps taken to protect the commercial value of the invention, as determined by Grantor in consultation with Licensee, whichever is earlier. However, should Licensee engage the services of Grantor and its researchers to conduct a clinical trial relating to the Licensed Technology, the parties agree that with respect to the publication of results of that particular clinical trial, the provisions of that clinical trial agreement will govern.

10.5 Permissible Disclosure by Grantor. To the extent permitted by law, Grantor agrees that this License Agreement, and the provisions contained therein, are confidential and will not be disclosed to third parties as Licensee believes that such disclosure would or could reveal commercial, scientific or technical information in a way that would or could significantly harm Licensee's competitive position and/or interfere with Licensee's negotiations with prospective sublicensees. Notwithstanding anything contained in this Article 10, Licensee acknowledges and agrees that Grantor may disclose (i) that this is a license agreement, (ii) the names of the parties to this License Agreement, and (iii) the names of the inventors of the Licensed Patents and/or Licensed Technology. Further, Grantor may disclose to the inventors of the Licensed Patents and/or Licensed Technology (i) the amount of all payments made to Grantor by Licensee under this License Agreement, (ii) the manner or method by which such payments were calculated, and (iii) all Payment Reports delivered to Grantor by Licensee in connection with such payments.

11.0 PRODUCTION & MARKETING

11.1 Use of Grantor's Trademarks. Licensee will not use the Grantor Trade-marks or make reference to Grantor or its name in any advertising or publicity, without the prior written consent of the Grantor. Without limitation, Licensee will not issue a press release regarding this License Agreement or the Licensed Technology without the prior written consent of the Grantor. However, if Licensee is

required by law to act contrary to this section 11.1, Licensee will provide the Grantor with sufficient prior notice to permit the Grantor to bring an application or other proceeding to challenge or otherwise contest such requirement.

11.2 Licensee Representations. Licensee represents and warrants to Grantor that:

- (a) it is a corporation duly organized, existing and in good standing under the laws of Alberta, and has the power, authority and capacity to enter into this License Agreement and to carry out the transactions contemplated by this License Agreement, all of which have been duly and validly authorized by all requisite corporate proceedings; and
- (b) it has the infrastructure, expertise and resources to:
 - (i) develop and commercialize the Licensed Technology in the Field of Use and Territory;
 - (ii) track and monitor on an ongoing basis performance under the terms of each sublicense entered into by Licensee; and
 - (iii) handle the Licensed Technology under this License Agreement with reasonable care; and
- (c) it will not, unless otherwise agreed to by Licensee and Grantor under a separate written agreement conduct research programs of Licensee at Grantor's facilities or performed by Grantor's staff or other personnel with respect to the Licensed Technology.

11.3 Licensee Efforts. During the Term, Licensee will:

- (a) use commercially reasonable efforts to exploit the Licensed Technology in the Field of Use and Territory where it is commercially reasonable to develop Licensed Products to meet, or cause to be met, market demand;
- (b) allocate to the development and commercialization of the Licensed Technology in the Field of Use appropriate diligence, expertise, infrastructure, and resources;
- (c) meet or exceed the performance milestones and other requirements set out in Schedule "B"; and
- (d) comply with all laws, regulations and ordinances, whether federal, state, provincial, county, municipal or otherwise, with respect to this License Agreement and the Licensed Technology.

12.0 RECORDS AND AUDIT RIGHTS

12.1 Records. Licensee will maintain at its principal place of business, or another place as may be most convenient, separate books of account and records of all Net Sales and Sublicensing Revenues, and sublicenses and all business done in connection with the Licensed Technology and Licensed Products in the Field of Use and Territory. The books of account and records will be in sufficient detail to enable accurate calculation of royalties and other payments due to Grantor under this License Agreement. Licensee will cause its Sublicensees to keep similar accounts and records. Licensee will preserve the books of account and records for at least seven (7) years after the end of the period covered by such books of account and records, which obligation will survive expiration or earlier termination of this License Agreement.

12.2 Payment Reports. Licensee will complete and deliver to Grantor:

- (a) within 30 days of each and every Royalty Due Date, a completed Payment Report together with the royalty payable under this License Agreement. A separate Payment Report will be prepared and delivered for each sublicense, including an accounting statement setting out in detail how the amount of Sublicensing Revenue was determined and identifying each Sublicensee and the location of the business of each Sublicensee. The first Payment Report will be submitted within 30 days of the first Royalty Due Date after the receipt of the first Net Sales or Sublicensing Revenue, and thereafter a Payment Report will be delivered every six (6) months regardless of whether any Net Sales or Sublicensing Revenue was received in the preceding period; and

12.3 Accounting Principles. The calculation of royalties will be carried out in accordance with the Canadian generally accepted accounting principles applied on a consistent basis.

12.4 Audit Rights. Upon at least 15 days' written notice, Grantor will have the right, through an independent, certified accounting firm reasonably acceptable to Licensee, to examine such records and books of account of Licensee and its Affiliates as are necessary to verify the accuracy of royalty and other payments of Licensee under this License Agreement. Such right may be exercised only once during any 12-month period. Such examination may be performed at any time within two (2) years after the end of the reporting period to which the books of account pertain, and will be performed during normal business hours at Licensee's major place of business or at such other place as may be agreed upon by the Grantor and Licensee. The accounting firm may make abstracts or copies of such books of account solely for its use in performing the examination. Grantor will require, prior to any such examination, such accounting firm to agree in writing that such firm will maintain all information, abstracts, and copies acquired during such examination in strict confidence and will not make any use of such material other than to confirm to Grantor the accuracy of Licensee payments hereunder. If an inspection of Licensee's records by the accountant of Grantor shows that Licensee has paid more than required under this License Agreement, any excess amounts will, at Licensee's option, be promptly refunded or credited against future royalties with interest from the date of overpayment at the same rate and manner as that set out in section 5.9. However, if an inspection of Licensee's records shows an under-reporting or underpayment by Licensee of any amount to Grantor, by more than five percent (5%) for any 12-month period, then Licensee will reimburse Grantor for the cost of the inspection as well as pay to Grantor any amount found due (including any interest at the same rate and manner as that set out in section 5.9) within 30 days of receipt of the results of such inspection.

12.5 Confidentiality. During and after the Term, Grantor will use reasonable efforts to ensure that all information provided by Licensee to Grantor or its representatives under this Article remains confidential and is treated as confidential by Grantor.

13.0 INTENTIONALLY DELETED

14.0 ASSIGNMENT AND ENCUMBRANCE

14.1 No Assignment or Encumbrance by Licensee. Licensee will not assign, transfer, mortgage, pledge, financially encumber, grant a security interest, permit a lien to be created, charge or otherwise dispose of any or all of the rights granted to it under this License Agreement without the prior written consent of Grantor, such consent not to be unreasonably withheld or delayed.

14.2 Assignment by Grantor. Grantor will have the right to assign its rights, duties and obligations under this License Agreement to a company of which may be a sole shareholder or Affiliate, or a society which it has incorporated or which has purposes which are consistent with the objectives of Grantor. If Grantor makes such an assignment, Licensee will release and discharge Grantor from all obligations or covenants, provided that the company or society, as the case may be, signs a written agreement which provides that the company or society assumes all obligations or covenants from Grantor

and that Licensee retains all rights granted to the Licensee under this License Agreement.

15.0 NOTICES

15.1 All payments, reports and notices or other documents that a party is required or may want to deliver to the other party will be in writing and delivered by (i) personal delivery or nationally recognized courier service and deemed to have been received at the time of delivery, or (ii) registered or certified mail (with all postage and other charges prepaid) and deemed to have been received at the end of the fifth (5th) day after it is posted, except that in the event of a postal strike, such notice will be deemed to have been received upon actual receipt, to the address set out as on the first page of this License Agreement.

16.0 TERM

16.1 The term (“**Term**”) of this License Agreement will commence on the License Effective Date and end on the date set out in Schedule “B” attached to this License Agreement.

17.0 TERMINATION

17.1 Automatic Termination. This License Agreement will automatically and immediately terminate (i) upon the expiry of the term of this License Agreement, or (ii) without notice to Licensee upon or after (A) the filing by Licensee of a petition in bankruptcy or insolvency, or (B) any final adjudication that Licensee is bankrupt or insolvent.

17.2 Termination by Grantor. Grantor may, at its option, terminate this License Agreement with immediate effect by giving written notice to Licensee if one or more of the following occurs:

- (a) the filing by Licensee of any petition or any application seeking reorganization, readjustment or rearrangement of the business of Licensee under any federal or provincial law relating to bankruptcy or insolvency;
- (b) the making by Licensee of any assignment or attempted assignment for the benefit of creditors;
- (c) Licensee becoming insolvent, as evidenced, for example (without limitation) by (i) the appointment of a receiver or a receiver manager for all or substantially all of the property of Licensee, (ii) the inability of Licensee to pay its liabilities generally as they become due, (iii) the termination of a majority of Licensee’s employees, or (iv) Licensee ceasing, or imminently ceasing by way of a third party petition remaining in place for 30 days, to carry on business;
- (d) any resolution passed, order made, or other steps taken by Licensee for the winding up, liquidation or other termination of the existence of the Licensee;
- (e) the Licensed Technology becomes subject to any security interest, lien, charge or encumbrance in favour of any third party claiming through Licensee which Grantor has not given its consent pursuant to section 14.1;
- (f) if Licensee cancels its insurance coverage or materially alters its insurance coverage to the detriment of Grantor;
- (g) if Licensee is in breach of any other agreement relating to the Licensed Technology entered into between Licensee and Grantor, and the breach has not been cured within the time provided for the curing of the breach under the terms of the related agreement, or if

such related agreement has not been subsequently terminated in accordance with the terms of that agreement.

17.3 Termination by Licensee. Licensee may terminate this License Agreement for whatever reason at any time upon giving Grantor 60 days prior written notice.

17.4 Remedy Period. Other than as set out in sections 17.1, 17.2, and 17.3, a party may terminate this License Agreement for a breach by the other party if the breach is not remedied after providing the following notice to the other party:

- (a) 30 days notice in the case of any breach which can reasonably be remedied within 30 days of receipt of the notice, and for the avoidance of doubt, non- payment by Licensee of the Initial License Fee, patent expenses, royalties and other amounts under this License Agreement will be deemed to be an event that can be remedied within 30 days; or
- (b) 90 days notice in the case of any breach which cannot reasonably be remedied within 30 days of receipt of notice.

17.5 Outstanding Amounts; Return of Licensed Technology. If this License Agreement is terminated under sections 17.1, 17.2, 17.3 or 17.4, Licensee will make all outstanding royalty payments to Grantor under Articles 5, and Grantor may proceed to enforce payment of all outstanding royalties or other monies owed to Grantor and to exercise any or all of the rights and remedies available under this License Agreement or otherwise available by law or in equity, successively or concurrently, at the option of Grantor. Within five (5) days of the date of termination, Licensee will deliver to Grantor all Licensed Technology that are in its possession or control and has no further right of any nature in the Licensed Technology.

17.6 Cease Use of Licensed Technology. On the date of termination, Licensee and its Sublicensees will cease to use the Licensed Technology or to manufacture or sell the Licensed Products except and to the extent permitted by this section. For a period not to exceed three (3) months following the date of termination, Licensee and its Sublicensees may sell any Licensed Products remaining in their respective inventory or stock ("**Inventory Sale Period**"). Licensee will deliver to Grantor an accounting within 30 days from expiry of the Inventory Sale Period. The accounting will specify, in or on such terms as Grantor may in its sole discretion require, the inventory or stock of Licensed Products manufactured and remaining unsold on expiry of the Inventory Sale Period. Grantor will instruct that the unsold Licensed Products be stored, destroyed or sold under its direction, provided this License Agreement was terminated under section 17.2 or 17.3. Without limitation, if this License Agreement is terminated under section 17.1, no Licensed Products will be sold without the prior written consent of Grantor, such consent not to be unreasonably withheld or delayed. Licensee will continue to make royalty payments to Grantor in the same manner specified in Article 5 on all Licensed Products that are sold in accordance with this section 17.6, notwithstanding anything contained in, or any exercise of rights by Grantor, under section 17.5.

17.7 Notwithstanding the expiration or earlier termination of this License Agreement, Article 12 remains in full force and effect for seven (7) years after:

- (a) payment of all royalty and other amounts required to be made by Licensee to Grantor under this License Agreement have been made by Licensee to Grantor; and
- (b) any other claim(s) of Grantor against the Licensee has been settled or otherwise finally determined and not subject to appeal.

18.0 GOVERNING LAW AND DISPUTE RESOLUTION

18.1 Governing Law. This License Agreement is governed by, and will be construed in accordance with, the laws of the jurisdiction in which the Grantor is situated and the laws of British Columbia, Canada applicable therein, without regard to any choice or conflict of laws, rule or principle, that will result in the application of the laws of any other jurisdiction.

18.2 Dispute Resolution. The parties agree that any and all disputes and controversies arising from, connected with, or relating to this License Agreement, including relating to the construction, meaning, performance or effect of this License Agreement or any breach thereof (collectively “**Disputes**”) will be resolved in accordance with the terms of this section 18.2 as follows:

- (a) Informal Dispute Resolution. Prior to initiating formal dispute resolution procedures, the parties will first attempt to resolve any Dispute directly through good faith negotiations. Either party may deliver to the other a written notice requiring negotiation of the Dispute (“**Notice to Negotiate**”). The parties will seek to resolve Disputes through negotiations, but may escalate the resolution of any Dispute internally as necessary or appropriate at the executive level. If the Dispute has not been resolved within 15 days after the delivery of a Notice to Negotiate, either party may by written notice (“**Notice to Mediate**”) require the other to mediate the Dispute in accordance with section 18.2(b). To the fullest extent permitted by law, the parties will conduct the negotiations in confidence.
- (b) Mediation. The parties agree to retain the services of a mutually acceptable third party mediator to mediate the resolution of the Dispute. Unless the parties otherwise agree in writing, the mediator will be resident in the city in which the Grantor is situated, and all meetings regarding the mediation will be held either by video or telephone conference or by in-person meetings held in such city. No party will unreasonably withhold acceptance of a mediator, and the selection of a mediator will be made within 15 days following the conclusion of direct negotiations regarding a Dispute pursuant to paragraph 18.2(a) above. If a mediator is not appointed, or if, following the appointment of a mediator, the Dispute is not resolved within 30 days, or such extended period that the parties may agree to in writing, after the delivery of the Notice to Mediate, then any party may elect to commence litigation pursuant to section 18.3 below. To the fullest extent permitted by law, the parties agree to maintain the mediation proceedings in confidence; and share the costs of the mediator and the mediation facilities equally. All communications during the mediation referred to in section 18.2(b), including any documents or information prepared and exchanged solely for the purposes of that mediation, will be considered to be “without prejudice” and will not be admissible in any subsequent litigation.

18.3 Litigation. Any party may seek (i) interim measure of protection, including injunctive relief, prior to or during the negotiation or mediation of Disputes, and (ii) final resolution, from the courts sitting in the city in which the Grantor is situated regarding any Dispute, and each party irrevocably and unconditionally attorns to the exclusive jurisdiction of such courts, and all courts competent to hear appeals therefrom, for that purpose

19.0 GENERAL

19.1 Headings. The headings and subheadings in this License Agreement are inserted for convenience of reference only and will not be used in interpreting or construing the provisions of this License Agreement.

19.2 Independent Contractor. The relationship between Grantor and Licensee is that of independent contractors and nothing in this License Agreement will be construed as establishing an agency, partnership, joint venture, or employment relationship between the parties. No party has the authority to

act on behalf of the other party, or to commit the other party in any manner at all or cause any other party's name to be used in any way not specifically authorized by this Agreement.

19.3 Entire Agreement. The parties hereto acknowledge that this License Agreement sets forth the entire agreement and understanding of the parties hereto as to the subject matter hereof, and replaces and supersedes all prior discussions, agreements and writings in respect hereto, unless expressly set out in Schedule "B" attached to this License Agreement.

19.4 Amendment. No amendment or variation to this License Agreement will operate to change or vary the terms, obligations or conditions hereof except upon mutual agreement by both parties signed by an authorized representative of each party.

19.5 Severability. In the event that any provisions of this License Agreement are determined to be invalid or unenforceable by a court of competent jurisdiction in any jurisdiction, the remainder of the License Agreement will remain in full force and effect without said provision in said jurisdiction and such determination will not affect the validity or enforceability of such provision or the License Agreement in any other jurisdiction. The parties will in good faith negotiate a substitute clause for any provision declared invalid or unenforceable, which will most nearly approximate the intent of the parties in entering this License Agreement.

19.6 Waiver. No condoning, excusing or overlooking by any party of any default, breach or non-observance by any other party at any time(s) regarding any terms of this License Agreement operates as a waiver of that party's rights under this License Agreement. A waiver of any term, or right under, this License Agreement will be in writing signed by the party entitled to the benefit of that term or right, and is effective only to the extent set out in the written waiver.

19.7 Survival. Sections 8.3, 12.1, 12.4, 12.5, 17.5, 17.6, and 17.7 and Articles 7, 9, 10, 13, 15, 18 and 19 will survive the expiry or earlier termination of the Term, unless expressly set out in Schedule "B" attached to this License Agreement.

19.8 Interpretation. Each party and its attorneys have participated fully in the review and negotiation of this License Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party will not apply with respect to this License Agreement.

19.9 Time of the Essence. Time is of the essence of this License Agreement.

19.10 Further Assurances. The parties will promptly do such acts and execute and deliver to each other such further instruments as may be required to give effect to the intent expressed in this License Agreement.

19.11 Enurement. This License Agreement will enure to the benefit of and be binding upon the parties hereto, and their respective administrators, successors, and permitted assigns.

IN WITNESS WHEREOF, the duly authorized officers of the parties have executed this License Agreement to be effective as of the License Effective Date noted below.

LICENSE EFFECTIVE DATE is JANUARY 18, 2016

OCEANS FIVE-O DEVELOPMENT CORP. by its authorized signatory:

Per: 

Name: Norman Tsui, CEO

Date: JANUARY 18, 2016

~~AVAPECIA LIFE SCIENCES CORP.~~ by its authorized signatory:

Per:

Name: Norman Tsui, Director

Date: JANUARY 18, 2016

SCHEDULE "A"

LICENSED TECHNOLOGY

1. Licensed Technology

The "Field of Use" of all Licensed Technology is limited to the enrichment, isolation, concentration and manipulation, and/or processing of subcutaneous connective tissues that are adipose tissue -for purposes of obtaining cellular or tissue components (such as stem cells, nucleated cells, progenitor cells, endothelial progenitor cells, fibroblast cells, collagen, extra cellular matrix components), and any substance produced by or derived from such cellular or tissue components (including progeny cells, cell lines, cellular secretion, growth factors, cytokines, lipids and other protein or non-protein components), for use in human medical indications/conditions and treatments or purposes of:

- 1.1) androgenetic alopecia, alopecia areata and telogen effluvium;
- 1.2) urology, urogynaecology, female pelvic medicine, urinary incontinence and erectile dysfunction;
- 1.3) all conditions and diseases of the gastrointestinal tract such as and not limited to Coeliac disease, eosinophilic colitis or esophagitis, Crohn's disease, ulcerative colitis and all other types of inflammatory bowel disease and gastrointestinal injury from radiation; all conditions and diseases of the abdominal organs and/or tissues (except liver or kidneys);
- 1.4) all conditions and diseases of the brain, spinal cord and peripheral nervous system such as and not limited to dementia, and cognitive impairment howsoever caused; multiple sclerosis; cerebral palsy and all neurodegenerative conditions; conditions caused by the modification of the cerebral circulation of blood and cerebral spinal fluid;
- 1.5) all conditions and diseases of the lungs such as and not limited to acute or chronic pulmonary inflammation such as bronchiectasis, chronic obstructive pulmonary disease, asthma, pulmonary fibrosis howsoever caused;
- 1.6) all conditions, disorders and diseases of the eyes, such as and not limited to macular degeneration, cataracts, conditions of the cornea, glaucoma and blindness;

with the exception of any application or applications directly involving (i) processing of connective tissue that is adipose tissue only of human and/or animal origin, for all other applications not previously noted above for purposes of clinical therapeutics, medical treatment, diagnostics, medical research, and biological research; therapeutic research (for example and not limited to medical indications such as graft vs host disease); the cosmetic and aesthetic surgical markets where human subjects desire augmentation,

facial wrinkle modification or management, skin fold and frown line reduction, aesthetic body contouring, cosmesis (improvement in the texture and appearance of skin) or filling of volume-deficient areas of the skin and subcutaneous tissue such as on or in the hands, face (including but not limited to the chin, eyelids, and lips), breasts, buttocks and depressions in the skin contour such as those that have developed following liposuction, scarring and acne scarring; systemic or local damage of any tissue or organ caused by an inflammation-causing source or exposure; burn management, entailing flesh burns that is a type of injury to flesh or skin caused by heat, electricity, chemicals, friction, or radiation including; first-degree or superficial burns that affect only the superficial skin; second-degree burns or when damage penetrates into some of the underlying layers or partial-thickness of the skin; third-degree burns where the injury extends to all layers of the skin; and fourth-degree burns where the burn injury involves deeper tissues, such as muscle or bone; wound management and non-healing wounds; critical and non-critical limb ischemia, diabetic leg and peripheral arterial diseases; all conditions and diseases of the heart, pericardium, blood vessels and lymphatic circulation such as and not limited to acute and chronic myocardial ischemia, congestive heart failure, cardiomyopathy, valvular heart disease, heart arrhythmia and lymphedema; all conditions and diseases of the liver or kidney; all conditions and diseases of the abdominal organs and/or tissues (except liver or kidneys); inflammation or malfunction of the spleen, gallbladder, pancreas including diabetes or pre-diabetic states; infertility treatment; stroke or cerebral ischemia or damage howsoever caused; all conditions and diseases of the cartilage and soft tissue trauma and disorders; articular cartilage defects; organ and tissue generation/formation; and 3D printing of organs and tissue; (ii) other connective tissues (dense fibrous tissue, loose connective tissue, cartilage, bone, ligament, tendon, blood and lymph); epithelial tissue; muscle tissue (skeletal, smooth, cardiac); and nerve tissue; (iii) cancer tissues or cancer tissue derived cells, including tumors, whether benign or malignant; solid tumors; tumor cells; cancer cells; blood cancer cells; circulating tumor cells; and disseminated tumor cells; (iv) human umbilical cord derived materials, including umbilical cord blood, serum, umbilical cord and umbilical cord derived cells; (v) human placenta and human placenta derived cells; (vi) blood and blood cells; (vii) bone marrow and bone marrow derived cells and (viii) body fluid, bodily fluids, or biofluids (liquids originating from inside the bodies of living people, including fluids that are excreted or secreted from the body as well as body water that normally is not); and (ix) lymph fluid and lymphatic system tissues such as lymph nodes.

Notwithstanding the foregoing, for the avoidance of doubt, the Field of Use shall not include: (i) the enrichment, isolation, manipulation, and/or processing of non-biological materials; (ii) applications involving infectious agents, including bacteria, fungi, virus, and parasites; (iii) cord blood banking; (iv) food and beverage production, processing, packaging, quality control, infection or contamination control and

monitoring; (v) applications related to the exploration, production, and refinement of energy, including oil, gas, hydro, nuclear, solar, wind, electricity and other renewable or non renewable energy sources; (vi) applications related to other natural resource cultivation, extraction and processing including but not restricted to mining, forestry, and farming; or (vii) food, water and environmental monitoring.

The following is a description of the Licensed Technology, that is restricted by the Field of Use.

Inventor(s)	Description	Patent #
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

The “Territory” shall not be restricted geographically for androgenetic alopecia, alopecia areata, telogen effluvium aesthetic surgical markets, urogynaecology and urinary incontinence. For all other Field of Use, China is a restricted Territory.

SCHEDULE "B"

FEES, ROYALTIES, TERM, PERFORMANCE MILESTONES, AND OTHER INFORMATION

1. Initial License Fee

There is no initial licensing fee as at the License Effective Date.

2. Continuing License Fee

There is a Continuing License Fee of CAD \$25,000 per quarter (based on calendar year and prorated for stub periods) from the January 1, 2018 to December 31, 2019 and subsequently will increase to CAD \$50,000 from January 1, 2020 to the Term End Date, herein defined as December 1, 2030 as defined herein in Section 5.

3. Royalties and Other Amounts

For Fields of Use of Androgenetic Alopecia, Alopecia Areata, Telogen Effluvium Surgery/Medical Aesthetics Market, Urogynaecology and Urinary Incontinence the royalty of 3% of the Net Sales and 30% of the Sublicensing Revenue from the License Effective Date to the Term End Date, as herein defined.

For all other Fields of Use that are not Androgenetic Alopecia, Alopecia Areata and Telogen Effluvium Surgery/Medical Aesthetics Market, Urogynaecology and Urinary Incontinence the royalty rate will be as follows:

- A. License Effective Date to December 31, 2017, a royalty of 3% of the Net Sales and 30% of the Sublicensing.
- B. January 1, 2018 to December 31, 2019, a royalty of 7.5% of the Net Sales and 30% of the Sublicensing Revenue.
- C. January 2020 to The Term End Date, a royalty of 9.8% of the Net Sales and 30% of the Sublicensing.

No royalties will be charged until a threshold of \$4 million in total Net Sales is achieved from all Fields of Use.

4. Performance Milestones and Related Payments

Performance milestones and related payments: N/A

5. Term End Date

The Term will end on the later of:

- (a) the close of business on the day of December 1, 2030, or
- (b) the expiry or final determination of invalidity of the last Valid Claim within the Licensed Patents that covers the making, using, offering for sale, selling or importing of the Licensed Product under this License Agreement, whichever is the last to occur, unless terminated earlier under Article 17 of this License Agreement

SCHEDULE "C"

MATERIALS (which may include biological materials)

If Materials will be provided by Grantor, please complete the following information:

1. Description
 To be mutually determined as required.

2. Quantity
 To be mutually determined as required.

3. Cost of Delivery of Materials or Related Services

All fees for Materials or Related Services will be mutually determined at the then Fair Market Value or Market Price or agreed upon Competitive Fee. All fees are payable on receipt of such Materials or Fees – which is in addition to an Initial Licensing Fee, Concurrent License Fee or Royalties and Other Amounts.

[END OF DOCUMENT]