

Nexion Biosciences and The United States Department of Agriculture- Agriculture Research Service

Cooperative Research & Development Agreement

to create a commercially viable solution that eliminates pre-harvest aflatoxin contamination in food & feed crops and to develop crop seeds that produce nutritionally enhanced plants.



Summary

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USDA COOPREATIVE R&D AGREEMENT WITH NEXION BIOSCIENCES

On August 7, 2018 NEXION BIOSCIENCES executed a Cooperative Research and Development Agreement (CRADA) with The United States Department of Agriculture – Agriculture Research Service

Stated Objective: "To develop maize inbred varieties with resistance to pre-harvest aflatoxin contamination (caused by *Aspergillus flavus*) by transgenic expression of synthetic antifungal peptide genes. ARS will also assist in developing maize inbred lines with nutritional enhancements for swine and poultry and in creating crop seeds that produce nutritionally enhanced plants

Exclusive License: NEXION is granted an exclusive and perpetual license in each Subject Invention owned or co-owned by ARS.

Patent Protection: NEXION and the USDA-ARS "agree to cooperate with the other in the preparation, filing, and prosecution of Patent or Plant Variety Protection Certificate applications on Subject Inventions in the United States of America and any other country."

- USDA-ARS "shall have the first option to prepare and prosecute patent or Plant Variety Protection Certificate applications on Subject Inventions that are owned or co-owned by the U.S. Government, which option may be waived in whole or in part."

Summary of USDA-ARS Responsibilities: Under the CRADA, USDA-ARS will conduct in vitro pre-field studies with transgenic corn lines already developed (AGM 182 maize) towards developing fungal resistant corn seeds for field trials. The in vitro development is aimed at completion of confirmation studies, including identification of the transgene present in the corn seed, and resistance of seeds to *A. flavus* resulting in greatly reduced aflatoxin levels. This agreement is aimed at providing the framework for the completion of in vitro screening of peptides and the initiation of additional experiments to provide proof of concept in field trials.

Summary of Nexion Responsibilities: a. provide pure lytic peptides for in vitro antifungal assays. Better performing antifungal peptides against disease will be advanced to the next step for maize transformation at the USDA SRRC laboratory. b. Provide expertise on the properties of lytic peptide sequences and nutritional enhancement peptide sequences as to the expected outcomes of proposed experiments based on the design properties c. Provide financing for a proof-of-concept field trial for AGM-182 transformed into maize seedlings in year 2 of this agreement. Analytical assistance with all data generated by ARS towards development of maize inbred lines with proven resistance to pre-harvest aflatoxin contamination or improved nutritional properties.

A fully executed Cooperative Research and Development Agreement-CRADA is available upon request.



No Offer

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Forward looking statements // Safe Harbor Statement

Statements in document may include forward-looking statements within the meaning of certain securities laws, including the "safe harbor" provisions of the Securities laws. These forward-looking statements include, among others, statements with respect to our objectives, goals and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may", "will", "could", "should", "would", "suspect", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "forecast", "objective", "hope" and "continue" (or the negative thereof), and words and expressions of similar import, are intended to identify forward-looking statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. We caution readers not to place undue reliance on these statements as a number of important factors, many of which are beyond our control, could cause our actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to; the applicability of patents and proprietary technology; possible patent litigation; approval of products in the Company's pipeline; marketing of products; meeting projected peptide and drug development timelines and goals; product liability and insurance; dependence on strategic partnerships and licensees; concentration of the Company's revenue; substantial competition and rapid technological change in the biotechnology industry; the publication of negative results of field or clinical trials of the Company's products; the ability to access capital; the ability to attract and retain key personnel; changes in government regulation or regulatory approval processes; dependence on contract research organizations; third party reimbursement; the success of the Company's strategic investments; the achievement of development goals and time frames; the possibility of shareholder dilution; market price volatility of securities; and the existence of significant shareholders.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When reviewing our forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. We do not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by us or on our behalf; such statements speak only as of the date made. The forward-looking statements included herein are expressly qualified in their entirety by this cautionary language.