

---

**VOODOOVOX INC.**  
**SECURITIES PURCHASE AGREEMENT**  
**FEBRUARY 6, 2014**

---

## SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement is entered into and dated as of February 6, 2014 (this “**Agreement**”), by and between VoodooVox Inc., a company incorporated under the laws of the Province of Alberta, Canada (the “**Company**”), and UFPB VoodooVox LLC, a Delaware limited liability company (the “**Purchaser**”).

### Recitals:

WHEREAS, the Company desires to issue and sell to the Purchaser, and the Purchaser desires to purchase from the Company, 67,500,000 common shares (the “**Common Shares**”) of the Company at a per Common Share purchase price (the “**Per Share Purchase Price**”) of CAD\$0.05 per share (the “**Private Placement**”); and

WHEREAS, concurrently herewith, (i) the Company is entering into a Debenture Purchase Agreement with the Purchaser, in the form attached hereto as Exhibit A (the “**Debenture Purchase Agreement**”), pursuant to which, at the Closing, the Company shall issue and sell to the Purchaser, and the Purchaser shall purchase from the Company, a secured debenture (the “**New Debenture**”) in the aggregate principal amount of CAD\$100,000 (the “**New Debenture Financing**”) and (ii) the Company is entering into a Securities Purchase Agreement with certain investors, in the form attached hereto as Exhibit B (the “**Concurrent Equity Financing Purchase Agreement**”), pursuant to which, at the Closing, the Company shall issue and sell to such investors, and such investors shall purchase from the Company, 29,000,000 Common Shares at a per Common Share purchase price equal to the Per Share Purchase Price (the “**Concurrent Equity Financing**”); and

WHEREAS, the Company and the Purchaser are executing and delivering this Agreement and consummating the transactions contemplated hereby in reliance upon (i) in the United States, the exemption from securities registration afforded by the provisions of Regulation D, as promulgated by the U.S. Securities and Exchange Commission (the “**SEC**”) under the U.S. Securities Act, and (ii) in Canada, the prospectus exemption provided by Section 2.3 of National Instrument 45-106 – *Prospectus and Registration Exemptions* (“**NI 45-106**”).

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and the Purchaser agree as follows:

### ARTICLE I. DEFINITIONS

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, the following terms shall have the meanings set forth in this Section 1.1:

“**Advice**” is defined in Section 6.6.

“**Affiliate**” of a Person means any other Person that, directly or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the first Person.

“**Agreement**” is defined in the Preamble.

“**Alternative Transaction**” is defined in Section 4.15.

“**Board**” means the Board of Directors of the Company.

“**Board Nomination Expiration Date**” is defined in Section 4.7(b).

“**Board Nomination Rights**” is defined in Section 4.7(a).

“**Business Day**” means any day except Saturday, Sunday and any day which is a federal legal holiday in the United States or in Canada or a day on which banking institutions in the State of New York or the Province of Ontario are authorized or required by law or other governmental action to close.

“**By-laws Amendment**” is defined in Section 4.7(e)(ii).

“**Canadian Securities Authorities**” means the securities commission or securities regulatory authority in each of the provinces and territories of Canada.

“**Closing**” is defined in Section 2.2.

“**Closing Date**” is defined in Section 2.2.

“**Common Shares**” has the meaning set forth in the Recitals, and also includes any securities into which the Common Shares may be reclassified.

“**Common Share Equivalents**” means, collectively, Options and Convertible Securities.

“**Company**” is defined in the Preamble.

“**Company Employee Plan(s)**” is defined in Section 3.1(m)(i).

“**Company IP Claim**” is defined in Section 3.1(q)(ii).

“**Company’s Knowledge**” means the knowledge of the executive officers and directors of the Company, after due inquiry. As used in this definition, the term “due inquiry” means that each of such Persons has (i) read the applicable provisions of this Agreement and the other Transaction Documents that relate to his or her area of expertise or responsibility and (ii) has made inquiry of those individuals within the Company or its Subsidiaries whom such Person reasonably believes would have direct knowledge of the relevant matters.

“**Company Product**” means any product or service offering of the Company created by or for, or marketed, sold, licensed, distributed or provided by or for the Company.

“**Concurrent Equity Financing**” is defined in the Recitals.

“**Concurrent Equity Financing Purchase Agreement**” is defined in the Recitals.

“**Contracts**” means, with respect to any Person, any agreement, undertaking, franchise, permit, lease, loan, license, guarantee, understanding, commitment, contract, note, bond, indenture, mortgage, deed of trust or other obligation, instrument, document, agreement or other arrangement of any kind (written or oral) to which such Person is a party or by which such Person, or any material amount of such Person’s property, is bound.

“**Control**” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“**Convertible Securities**” means any shares or securities (other than Options) directly or indirectly convertible into or exercisable or exchangeable for Common Shares.

“**Deadline Date**” is defined in Section 4.1(e).

“**Debenture Purchase Agreement**” is defined in the Recitals.

“**Demand Registration Request**” is defined in Section 6.1(a).

“**Devries Debt**” is defined in Section 3.1(e).

“**Dormant Subsidiaries**” means Call Genie (Ontario) Inc., BTS Logic Europe ApS and Call Genie Europe B.V.

“**Effective Date**” means the date that a Registration Statement or Registration Statements covering the Registrable Securities has been declared effective by the SEC.

“**Effectiveness Period**” is defined in Section 6.3(b)(i).

“**Embedded Software**” means third-party firmware licensed from third parties that is embedded in equipment for which the actual source code is inaccessible to the Company and its Subsidiaries.

“**Environmental Laws**” is defined in Section 3.1(dd)(i).

“**Environmental Permits**” is defined in Section 3.1(dd)(i).

“**Exchange**” means the CSE (the Canadian Securities Exchange).

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“**Excluded Securities**” means the issuance of: (i) Common Shares upon the conversion of any Convertible Securities or Options outstanding as of the date hereof and set forth in Schedule 3.1(g), pursuant to the terms of such Convertible Securities or Options, as applicable, as of the date hereof; provided, that, the terms of such Options or Convertible

Securities are not amended, modified or changed on or after the date hereof (excluding, for the avoidance of doubt, customary adjustments for stock splits, stock dividends and stock combinations per the terms of such Options or Convertible Securities); (ii) Common Shares as a dividend on the Common Shares to the extent distributed pro rata to the holders thereof; (iii) Options (and the issuance of Common Shares upon exercise thereof) or restricted securities of the Company hereafter granted to employees, officers, directors or consultants of the Company pursuant to a stock option plan or other incentive stock plan or pursuant to any employee benefit plan, in each case as in effect on the date hereof; provided, that, the number of shares reserved for issuance under any such plans are not increased on or after the Closing Date; (iv) the Interest Shares; and (v) 29,000,000 Common Shares issued to the investors upon consummation of the Concurrent Equity Financing.

“**Financing Notice**” is defined in Section 4.5(c).

“**Financing Proposal**” is defined in Section 4.5(c).

“**Financing Response Notice**” is defined in Section 4.5(c).

“**First Meeting**” is defined in Section 4.7(a).

“**Governmental Authority**” means any government or political subdivision or any agency, authority, bureau, central bank, commission, department or instrumentality, or any court, tribunal, grand jury or arbitrator, in each case whether foreign or domestic.

“**Group**” has the meaning used in Section 13(d) of the Exchange Act

“**Inbound Licenses**” is defined in Section 3.1(q)(i).

“**Indebtedness**” of any Person means (i) all indebtedness representing money borrowed which is created, assumed, incurred or guaranteed in any manner by such Person or for which such Person is responsible or liable (whether by guarantee of such indebtedness, agreement to purchase indebtedness of, or to supply funds to or invest in, others or otherwise), (ii) any direct or contingent obligations of such Person arising under any letter of credit (including standby and commercial), bankers acceptances, bank guaranties, surety bonds and similar instruments, (iii) all Indebtedness secured by any Lien existing on property or assets owned by such Person and (iv) any shares or other securities having a redemption feature.

“**Indemnified Party**” is defined in Section 6.5(c).

“**Indemnifying Party**” is defined in Section 6.5(c).

“**Independent Board Member**” is defined in Section 4.7(a)(i)(C).

“**Intellectual Property Rights**” means any rights in, arising out of or associated with any of the following: (i) United States, Canadian, international and foreign patents and patent applications (including all reissues, reexaminations, divisionals, renewals, extensions, provisionals, continuations, continuations-in-part, patent disclosures, mask works and integrated circuit topographies) and all equivalents thereof (“**Patents**”); (ii) Software (including source and

object code) and related documentation, confidential information, trade secrets, inventions (whether patentable or not), proprietary and confidential business information, customer lists, proprietary and confidential know how, show how, and all documentation relating to any of the foregoing; (iii) United States, Canadian and foreign copyrights, copyright registrations and applications therefor in both published and unpublished works; (iv) United States, Canadian and foreign trademarks and service marks (whether or not registered), including designs, logos, slogans and general intangibles of like nature, together with goodwill appurtenant thereto, and applications for registration of any of the foregoing; and (v) Internet domain name registrations.

**“Interest Shares”** means Common Shares issuable to the Purchaser as payment of interest in respect of the Indebtedness evidenced by the New Debenture.

**“Lien”** is defined in Section 3.1(a).

**“Losses”** means any and all damages, fines, penalties, deficiencies, liabilities, claims, losses (including loss of value), judgments, awards, settlements, taxes, actions, obligations and costs and expenses in connection therewith (including, without limitation, interest, court costs and reasonable fees and expenses of attorneys, accountants and other experts, or any other expenses of litigation or other Proceedings or of any default or assessment).

**“Material Adverse Effect”** is defined in Section 3.1(b).

**“Material Contract”** means (A) any agreement which requires future expenditures by the Company or any Subsidiary in excess of CAD\$100,000 or which might result in payments to the Company or any Subsidiary in excess of CAD\$100,000, (B) any purchase or task order which might result in payments to the Company or any Subsidiary in excess of CAD\$100,000, (C) any employment agreements (not including at-will employment letters with employees), (D) any agreement that is or would be required to be filed with the securities regulatory authorities in the provinces and territories of Canada through SEDAR and (E) any Contract the violation of which, or default under which, by the Company or any Subsidiary, on the one hand, or the other party(ies) to such Contract, on the other hand, could reasonably be expected to result in a Material Adverse Effect.

**“Money Laundering Laws”** is defined in Section 3.1(ii).

**“New Debenture”** is defined in the Recitals.

**“New Debenture Financing”** is defined in the Recitals.

**“New Debenture Financing Documents”** means the agreements executed in connection with the New Debenture Financing including, without limitation, the Debenture Purchase Agreement, the New Debenture, the security agreement, any Subsidiary guaranty and any other documents, certificates, agreements or financing statements executed or delivered in connection with the transactions contemplated thereby.

**“NI 45-106”** is defined in the Recitals.

**“Notice of Acceptance”** is defined in Section 4.5(c)(ii).

“Offer” is defined in Section 4.5(c)(i).

“Offered Securities” is defined in Section 4.5(c)(i).

“Open Source Software” means any Software subject to: (a) any so-called “open source”, “copyleft”, “freeware”, or “general public” license; (b) any license that is substantially similar to those listed at <http://www.opensource.org/licenses/>; and (c) any license that (i) requires (including as a condition to the license grants therein) the licensor to permit reverse-engineering of the licensed technology (such as software) or other technology incorporated into, derived from, or distributed with such licensed technology or (ii) requires (including as a condition to the license grants therein) that the licensed technology or other technology incorporated into, derived from, or distributed with such licensed technology (A) be distributed in source code form, (B) be licensed for the purpose of making modifications or derivative works, (C) be distributed at no charge, or (D) be distributed with certain notices or licenses (e.g., copyright notices or warranty disclaimers).

“Options” means any rights, warrants or options to, directly or indirectly, subscribe for or purchase Common Shares or Convertible Securities.

“Outbound Licenses” is defined in Section 3.1(q)(i).

“Passport Decision Document” means, in respect of a Canadian Securities Authority, the decision document, receipt or similar notice or document in respect of the Prospectus issued in accordance with the Process for Prospectus Reviews.

“Patents” is defined within the definition of Intellectual Property.

“PCMLTFA” is defined in Section 3.2(j).

“Per Share Purchase Price” is defined in the Recitals.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Principal Trading Market” means the Trading Market on which the Common Shares are primarily listed on and quoted for trading, which, as of the date of this Agreement and the Closing Date, shall be the Exchange.

“Private Placement” is defined in the Recitals.

“Proceeding” means an action, claim, suit, inquiry, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or, to the Company’s Knowledge, threatened.

“Process for Prospectus Reviews” means process for prospectus review provided for under National Policy 11-202 - *Process for Prospectus Reviews in Multiple Jurisdictions*.

**“Pro Rata Share”** means, with respect to any proposed issuance of Offered Securities, the greater of (y) forty percent (40%) and (z) the Purchaser’s percentage ownership of the outstanding Common Shares immediately prior to the delivery of the Offer Notice issued in connection with the proposed issuance of the Offered Securities

**“Prospectus”** means, (i) in the case of any registration of the Registrable Securities with the Canadian Securities Authorities, any preliminary prospectus, amended preliminary prospectus or a final prospectus of the Company in respect of its securities in the form, selected at the discretion of the Company, either of a short form or of a long form prospectus, including all amendments and all supplements thereto and all material incorporated by reference (or deemed to be incorporated by reference) therein, required to be filed under Section 6.1 by the Company with the applicable Canadian Securities Authorities and in respect of which a receipt, or a Passport Decision Document, is issued and (ii) in the case of any registration of the Registrable Securities with the SEC, the prospectus included in the Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the U.S. Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by the Registration Statement, and all other amendments and supplements to the Prospectus including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

**“Purchase Price”** is defined in Section 2.1.

**“Purchaser”** is defined in the Preamble.

**“Purchaser Common Shares”** is defined in Section 2.1.

**“Purchaser Share Cap Percentage”** means forty percent (40%) of the outstanding Common Shares of the Company.

**“Refused Securities”** is defined in Section 4.5(c)(iii).

**“Registered Company Intellectual Property Rights”** is defined in Section 3.1(q)(i).

**“Registrable Securities”** means all Securities and the Debentures (as defined in the Debenture Purchase Agreement), together with any securities issued or issuable upon any share split, dividend or other distribution, recapitalization or similar event with respect to the foregoing.

**“Registration Statement”** means any registration statement on Forms S-1 or S-3 required to be filed under Section 6.1 by the Company with the SEC, including all amendments and supplements to such registration statement, including pre- and post-effective amendments, in each case including the prospectus contained therein, all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference therein.

**“Related Person”** is defined in Section 4.13.



“**Required Approvals**” is defined in Section 3.1(e).

“**Rule 144,**” and “**Rule 424**” means Rule 144 and Rule 424, respectively, promulgated by the SEC pursuant to the U.S. Securities Act, as such Rules may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such Rule.

“**Sale Number**” is defined in Section 6.1(b).

“**SEC**” is defined in the Recitals.

“**Securities**” means the Purchaser Common Shares, the Interest Shares and any other securities issued or issuable (as applicable) to the Purchaser pursuant to the Transaction Documents.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval under applicable Canadian securities laws.

“**SEDAR Filings**” is defined in Section 3.1(h)(ii).

“**Software**” means computer software and programs in any form, including source code and object code form, operating systems, database management code, firmware and utilities, and all related documentation, developer notes, comments and annotations.

“**Stableview Term Sheet**” is defined in Section 3.1(g).

“**Standstill**” is defined in Section 4.8(a).

“**Shareholder Approval**” means the approval of the Shareholder Resolutions.

“**Shareholder Meeting**” is defined in Section 4.7(a).

“**Shareholder Resolutions**” is defined in Section 4.7(a).

“**Subject Entity**” means any Person, Persons or Group or any Affiliate or associate of, or any Person acting jointly or in concert with, any such Person, Persons or Group (other than the Purchaser).

“**Subsequent Placement**” means any instance in which the Company or any Subsidiary offers, sells, grants any option to purchase, or otherwise disposes of (or announces any offer, sale, grant or any option to purchase or other disposition of) any of its or any Subsidiary’s equity or equity-linked securities (including without limitation any Indebtedness convertible into securities of the Company, Common Shares or preferred stock of the Company, Common Share Equivalents or any other instrument or security that is, at any time during its life and under any circumstances, convertible into or exchangeable or exercisable for, or is issued as a unit with, any class of Common Shares or preferred stock of the Company, or Common Share Equivalents) to any party other than the Company or any Subsidiary.

“**Subsidiary(ies)**” is defined in Section 3.1(a).

“**Technology**” means (i) Software (including software development kits, APIs, computer programs, codes, interfaces, software implementations of algorithms and models and methodologies), whether in source code, object code, or other form, (ii) databases, compilations, collections of data and data, (iii) inventions (whether or not patentable), (iv) methods and processes, (v) designs and schematics, (vi) know-how, and (vii) works of authorship, including documentation (e.g. user manuals and training materials).

“**Term Sheet**” means that certain Final Indicative Term Sheet, dated December 20, 2013, by and between the Company and the Purchaser.

“**Third Party Financing**” is defined in Section 4.5(c).

“**Third Party Take-Over Offer**” means any of the following: (i) any Subject Entity proposes to consolidate or merge with or into the Company (whether or not the Company is the surviving corporation); (ii) any Subject Entity proposes to acquire all or substantially of the properties or assets of the Company or any of its Subsidiaries; (iii) any one or more Subject Entities makes a purchase, tender or exchange offer to acquire at least either (x) forty percent (40%) of the outstanding Common Shares, (y) forty percent (40%) of the outstanding Common Shares calculated as if any Common Shares held by all Subject Entities making or party to such purchase, tender or exchange offer were not outstanding; or (z) such number of Common Shares such that all Subject Entities making or party to such purchase, tender or exchange offer become collectively the beneficial owners of greater than the percentage of the Common Shares beneficially owned by the Purchaser; (iv) any one or more Subject Entities seeks to consummate a securities purchase agreement with the Company or any other Person or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) whereby all such Subject Entities, individually or in the aggregate, acquire, either (x) forty percent (40%) of the outstanding Common Shares, (y) forty percent (40%) of the outstanding Common Shares calculated as if any Common Shares held by all Subject Entities making or party to such purchase, tender or exchange offer were not outstanding; or (z) such number of Common Shares such that all Subject Entities making or party to such purchase, tender or exchange offer become collectively the beneficial owners of greater than the percentage of the Common Shares deemed to be beneficially owned by the Purchaser; or (v) any Subject Entity seeks to nominate one or more directors or launches a proxy battle for the submission of directors nominated by such Subject Entity.

“**Trading Day**” means (a) any day on which the Common Shares are listed or quoted and traded on the Principal Trading Market or, if the Common Shares are not listed or quoted and traded on the Principal Trading Market, a Trading Market, or (b) if the Common Shares are not then listed or quoted and traded on any Trading Market, then any Business Day.

“**Trading Market**” means whichever of the New York Stock Exchange, the NYSE/Amex, the NASDAQ Global Select Market, the NASDAQ Global Market, the NASDAQ Capital Market, the Toronto Stock Exchange, TSX Venture Exchange, CNSX and the OTC Bulletin Board on which the Common Shares are listed or quoted for trading on the date in question.

“**Transaction Documents**” means this Agreement, the New Debenture Financing Documents and any other documents, certificates or agreements executed or delivered in connection with the transactions contemplated hereby.

“**U.K. Subsidiary**” means VoodooVox Limited.

“**User Friendly Take-Over Offer**” means an offer by the Purchaser or an Affiliate thereof to (i) acquire all or substantially all of the outstanding Common Shares not held by the Purchaser or (ii) acquire all or substantially all of the assets of the Company through any form of transaction (including without limitation, an amalgamation, reorganization, scheme of arrangement or a business combination).

“**U.S. Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

## ARTICLE II. PURCHASE AND SALE

2.1 Purchase and Sale of the Common Shares. Subject to the terms and conditions of this Agreement, the Purchaser agrees to purchase from the Company, and the Company agrees to sell and issue to the Purchaser, at the Closing, 67,500,000 Common Shares (the “**Purchaser Common Shares**”) at a per Common Share purchase price equal to the Per Share Purchase Price for an aggregate purchase price of CAD\$3,375,000 (the “**Purchase Price**”).

2.2 Closing. The purchase and sale of the Purchaser Common Shares pursuant to the terms of this Agreement (the “**Closing**”) shall take place at the offices of Lowenstein Sandler LLP in New York City, New York, at 10:00 A.M. (New York City time) on the date each of the conditions set forth in Section 2.3 and Article 5 have been satisfied (or waived by, (i) in the case of any conditions to the Company’s obligation to consummate the Private Placement, the Company or (ii) in the case of any conditions to the Purchaser’s obligation to consummate the Private Placement, the Purchaser), or at such other time and place as the Company and the Purchaser mutually agree upon in writing (the “**Closing Date**”).

### 2.3 Closing Deliveries.

(a) At the Closing, the Company shall deliver or cause to be delivered to the Purchaser the following:

(i) a share certificate representing the Purchaser Common Shares registered in the name of the Purchaser;

(ii) the legal opinion of counsel for the Company, in the form attached hereto as Exhibit C, executed by such counsel and addressed to the Purchaser;

(iii) a certificate dated as of the Closing Date and signed by the Chief Executive Officer of the Company certifying as of the Closing Date (i) as to the fulfillment of each of the conditions set forth in Section 5.1 and (ii) that no Event of Default (as defined in the

Debtenture Purchase Agreement), or event which, with the giving of notice or the passing of time, would constitute an Event of Default, exists as of such date;

(iv) certificates dated the Closing Date and signed by the Secretary of the Company certifying: (1) that attached thereto is a true and complete copy of all resolutions adopted by the Board of Directors or the shareholders of the Company or the Subsidiaries, as applicable, authorizing the execution, delivery and performance of each of the Transaction Documents, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated by this Agreement; (2) that attached thereto are true and complete copies of the constating documents and by-laws of the Company and each Subsidiary, and that such documents are in full force and effect; and (3) the signatures and titles of the officers of the Company and the Subsidiaries executing each of the Transaction Documents;

(v) the fees and expenses payable by the Company to the Purchaser pursuant to Section 7.1, in United States dollars and in immediately available funds, by wire transfer to accounts designated in writing by the Purchaser for such purpose, unless such fees and expenses have been netted from the Purchase Price pursuant to written directions from the Company; and

(vi) any other documents reasonably requested by the Purchaser or its counsel, customary for a transaction of this nature.

(b) At the Closing, the Purchaser shall deliver or cause to be delivered to the Company the Purchase Price in Canadian dollars and in immediately available funds, by wire transfer to an account designated in writing by the Company for such purpose.

### ARTICLE III. REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company. The Company hereby represents and warrants to, and agrees with, the Purchaser as follows:

(a) Subsidiaries. The Company does not directly or indirectly control or own any interest in any other Person other than those listed in Schedule 3.1(a) (each a "Subsidiary", and collectively, the "Subsidiaries"). The jurisdiction of organization of each Subsidiary is as set forth on Schedule 3.1(a). Except as disclosed in Schedule 3.1(a), the Company owns, directly or indirectly, all of the common shares or equity securities of each Subsidiary free and clear of any lien, charge, claim, tax, security interest, encumbrance, right of first refusal or similar right or other restriction (collectively, "Liens"), and all the issued and outstanding common shares or equity securities of each Subsidiary have been validly issued and are duly authorized, fully paid and non-assessable and free of preemptive and similar rights. The Dormant Subsidiaries (i) own no assets, (ii) have ceased their business operations and (iii) do not carry on any business activities. The UK Subsidiary solely provides the services set forth on Schedule 3.1(a).

(b) Organization and Qualification. Each of the Company and the Subsidiaries is an entity duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation, with the requisite power and authority to

own and use its properties and assets and to carry on its business as currently conducted. Except as disclosed in Schedule 3.1(b), neither the Company nor any Subsidiary is in violation or default of any of the provisions of its respective constating documents or by-laws. Each of the Company and the Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not reasonably be expected to, individually or in the aggregate, (i) adversely affect the legality, validity or enforceability of any Transaction Document, (ii) have or result in a material adverse effect on the business, properties, assets, results of operations, condition (financial or otherwise) or prospects of the Company and its Subsidiaries, individually or taken as a whole, (iii) adversely impair the Company's or any Subsidiary's ability to perform fully on a timely basis its obligations under any Transaction Document, or (iv) result in any of the foregoing (any of (i), (ii), (iii) or (iv), a "**Material Adverse Effect**") and no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification. Neither the Company nor any of the Subsidiaries have, during the five (5) years preceding the date hereof, been known by, or used any other trade or fictitious name, except as disclosed in Schedule 3.1(b) or been organized in a jurisdiction other than its jurisdiction of organization as of the date hereof.

(c) Authorization: Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by each of the Transaction Documents and otherwise to carry out its respective obligations hereunder and thereunder and to issue the Securities in accordance with the terms hereof and thereof. The execution and delivery by the Company of each of the Transaction Documents and the consummation by it of the transactions contemplated hereunder and thereunder, including, without limitation, the issuance of the Securities, have been duly authorized by all necessary action on the part of the Company and no further consent or action is required by the Company, or its Board or shareholders. Each Transaction Document has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof, will constitute the legal, valid and binding obligation of the Company, enforceable against the Company, in accordance with its terms, subject to (i) laws of general application relating to bankruptcy, insolvency and the relief of debtors, or (ii) rules of law governing specific performance, injunctive relief or other equitable remedies. Each Transaction Document to which a Subsidiary is a party has been (or upon delivery will have been) duly executed by such Subsidiary and, when delivered in accordance with the terms hereof, will constitute the legal, valid and binding obligation of such Subsidiary, enforceable against such Subsidiary, in accordance with its terms, subject to (i) laws of general application relating to bankruptcy, insolvency and the relief of debtors, or (ii) rules of law governing specific performance, injunctive relief or other equitable remedies.

(d) No Conflicts. The execution, delivery and performance of the Transaction Documents by the Company and the Subsidiaries and the consummation by them of the transactions contemplated hereby and thereby (including, without limitation, the issuance of the Securities) do not and will not (i) conflict with or violate any provision of the Company's or any Subsidiary's constating documents or by-laws (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or result in a

[Redacted: Commercially Sensitive Information]

breach or violation of any of the terms and provisions of, or give to others any rights of termination, amendment, acceleration or cancellation under, or give to others any rights to receive payment (including any employment or severance payment) under, any Material Contract (including, without limitation, under any agreement, credit facility, debt or other instrument),

[Redacted:  
Commercially  
Sensitive  
Information]

[Redacted] (iii) result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary (except for the Lien created pursuant to the Debenture Purchase Agreement), or (iv) result in a material violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any Governmental Authority or any regulatory or self-regulatory agency to which the Company or a Subsidiary is subject (including Canadian and U.S. securities laws and the regulations and the rules and regulations of the Exchange and applicable laws of the jurisdictions of organization of the Company and its Subsidiaries), or by which any property or asset of the Company or a Subsidiary is bound or affected.

(e) Filings, Consents and Approvals. Neither the Company nor any Subsidiary is required to obtain any consent, waiver, authorization, permit or order of, give any notice to, or make any filing or registration with, any Governmental Authority or any regulatory or self-regulatory agency or any other Person in connection with the execution, delivery and performance by the Company and the Subsidiaries of the Transaction Documents and the transactions contemplated thereby, other than (i) those filings and consents set forth on Schedule 3.1(e) (collectively, the "**Required Approvals**"), (ii) all information and forms required to be supplied or filed by the Company under applicable U.S. and Canadian securities laws, including, without limitation, reports on Form 45-106F1 (or, in British Columbia, Form 45-106F6) and (iii) all fees payable to the applicable Canadian Securities Authorities as a result of the transactions contemplated in the Transaction Documents, all of which the Company undertakes to file and pay within the applicable time periods. The Company and its Subsidiaries are unaware of any facts or circumstances that might prevent the Company from obtaining or effecting any of the Required Approvals. The issuance and sale of the Purchaser Common Shares and the other transactions contemplated by the Transaction Documents do not contravene any laws having jurisdiction over the Company or any of its Subsidiaries.

(f) Issuance of the Securities. The Securities shall be duly authorized as of the Closing. As of the Closing, the Purchaser Common Shares shall be validly issued, fully paid and nonassessable and free from all preemptive or similar rights or Liens with respect to the issue thereof. As of their date of issuance, the Interest Shares shall be validly issued, fully paid and nonassessable and free from all preemptive or similar rights or Liens with respect to the issue thereof. As of the Closing, the Purchaser Common Shares have been issued in compliance with applicable U.S. and Canadian securities laws, rules and regulations and, as of their date of issuance, the Interest Shares will have been issued in compliance with applicable U.S. and Canadian securities laws, rules and regulations. The issuance and sale of the Securities and the rights being granted to the Purchaser pursuant to this Agreement and the other Transaction Documents do not conflict with or violate any rules or regulations of the Exchange.

(g) Capitalization. The number of shares and type of all authorized, issued and outstanding securities of the Company and each Subsidiary is as specified on Schedule 3.1(g)(i). All of such outstanding securities have been validly issued and are fully paid and nonassessable. Immediately following the Closing, there shall be no preferred stock of the Company issued or outstanding. No securities of the Company or any Subsidiary are entitled to preemptive or similar rights, and no Person has any right of first refusal, preemptive right, right of participation (save and except for the participation right granted to Stableview Asset Management, Inc. pursuant to a term sheet dated September, 2013 (the “**Stableview Term Sheet**”) and pursuant to an agency agreement dated September 5, 2013 (as amended) entered into between the Company and Trapeze Capital Corp.) or any similar right to participate in the transactions contemplated by the Transaction Documents. Except as disclosed in Schedule 3.1(g)(ii): (i) none of the Company’s securities is subject to preemptive rights or any other similar rights or any Liens suffered or permitted by the Company; (ii) there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any common shares or equity securities of the Company or any of its Subsidiaries, or Contracts by which the Company or any of its Subsidiaries is or may become bound to issue additional common shares or equity securities of the Company or any of its Subsidiaries or Options or other commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any common shares or equity securities of the Company or any of its Subsidiaries; (iii) except pursuant to Article VI of this Agreement, there are no agreements or arrangements under which the Company or any of its Subsidiaries is obligated to register the sale of any of their securities with the Canadian Securities Authorities, the SEC or any other Governmental Authority (including “piggy back” registration rights); (iv) there are no outstanding securities or instruments of the Company or any of its Subsidiaries which contain any redemption or similar provisions, and there are no Contracts by which the Company or any of its Subsidiaries is or may become bound to redeem a security of the Company or any of its Subsidiaries; (v) there are no securities or instruments containing anti-dilution or similar provisions that will be triggered by the issuance of the Purchaser Common Shares or any of the other Securities or that will obligate the Company to issue Common Shares or other securities to any Person (other than the Purchaser) or that will result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under such securities, or to take any other action punitive to the Company or any Subsidiary; and (vi) the Company does not have any stock appreciation rights or “phantom stock” plans or agreements or any similar plan or agreement. With respect to any warrants or similar instruments exercisable or exchangeable for any common shares or equity securities of the Company or any of its Subsidiaries listed on Schedule 3.1(g)(ii), Schedule 3.1(g)(ii) lists the name of each holder, the number of common shares or equity securities underlying each such warrant or instrument and the exercise price thereof, and each such warrant or instrument has been validly issued and authorized. Schedule 3.1(g)(iii) contains a list of all stock option plans, stock purchase plans and management grants (true and complete copies of which have been delivered to the Purchaser), in each case as reflected as of the Closing Date, and the number of shares issuable pursuant to such plans and grants. Except as disclosed on Schedule 3.1(g)(iv), there are no voting agreements, buy-sell agreements, option or right of first purchase agreements or other agreements of any kind among the Company and any of the security holders of the Company relating to the securities of the Company. Except as set forth on Schedule 3.1(g)(v), the Company does not have

outstanding shareholder purchase rights or any similar arrangement in effect giving any Person the right to purchase any equity interest in the Company upon the occurrence of certain events or otherwise.

(h) SEDAR Filings; Financial Statements; Material Contracts.

(i) The Company is a reporting issuer or the equivalent in good standing in the Provinces of Alberta, British Columbia and Ontario under the securities laws applicable therein and the Company is in compliance, in all material respects, with all of its applicable continuous disclosure obligations and timely disclosure obligations under such securities laws and the rules and regulations of the Exchange. The Company is not a reporting issuer in, nor in in default under the securities laws of, any other Provinces of Canada

(ii) All reports and other documents filed by the Company with the applicable Canadian Securities Authorities through SEDAR prior to the date hereof (collectively, the "SEDAR Filings") are publicly available for viewing by the Purchaser. The SEDAR Filings are the only filings required to be filed on SEDAR by the Company pursuant to the laws, rules and regulations of the applicable Canadian Securities Authorities for such period.

(iii) At the time of filing thereof, the SEDAR Filings complied as to form in all material respects with the laws, rules and regulations of the applicable Canadian Securities Authorities, and the SEDAR Filings did not contain any misrepresentation or untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(iv) The financial statements included in the SEDAR Filings and, as of the respective dates delivered by the Company to the Purchaser, any other financial statements of the Company (if any) delivered by the Company to the Purchaser (including the unaudited consolidated financial statements of the Company and its Subsidiaries for the twelve month period ended December 31, 2013) fairly present the financial condition, financial performance and cash flows of the Company and its Subsidiaries as at the dates and for the periods of such financial statements, and such financial statements have been prepared in conformity with generally accepted accounting principles in Canada applied on a consistent basis; provided, however, that the unaudited financial statements are subject to normal year end and quarter end audit adjustments (which are not expected to be material either individually or in the aggregate), and do not contain all footnotes required under generally accepted accounting principles. As of the date hereof, there are no obligations, liabilities or indebtedness (including contingent and indirect liabilities) which are material to the Company or its Subsidiaries and not reflected in such financial statements, and no material adverse changes have occurred in the financial condition or business of the Company or its Subsidiaries since the date of the most recent financial statement provided by the Company to the Purchaser or included in the SEDAR Filings.

(v) Each of the Material Contracts is as of the date hereof legal, valid and binding, and in full force and effect, and enforceable in accordance with its terms, subject to (A) laws of general application relating to bankruptcy, insolvency, and relief of debtors, and (B)



rules of law governing specific performance, injunctive relief, or other equitable remedies. The Company is not (with or without the lapse of time or the giving of notice, or both) in material breach or default of any Material Contract and, to the Company's Knowledge, no other party to any Material Contract is (with or without the lapse of time or the giving of notice, or both) in material breach or default of any Material Contract. To the Company's Knowledge, the Company has not received any notice of the intention of any party to terminate any Material Contract.

(i) Taxes. Except as set forth on Schedule 3.1(i), the Company and each of its Subsidiaries (i) has made or filed all income and other tax returns, reports and declarations required by any federal, state, provincial, local or other jurisdiction to which it is subject, (ii) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and (iii) has set aside on its books provision reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. All tax returns are true and correct in all material respects. There is no liability for any tax to be imposed upon its or any of its Subsidiaries' properties or assets as of the date of this Agreement (including as a result of the matter specified on Schedule 3.1(i)) for which adequate provision has not been made. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim. No material tax returns of the Company have been audited and no deficiency assessment or proposed adjustment of the Company's or the Subsidiaries material taxes is pending.

(j) No Material Adverse Effect; Absence of Certain Changes. Except as disclosed in Schedule 3(j), since December 31, 2012, there has been no Material Adverse Effect and there are no specific facts known to the Company which may result in any Material Adverse Effect. Except as disclosed in Schedule 3(j), since December 31, 2012, neither the Company nor any of its Subsidiaries has (i) declared or paid any dividends or purchased, redeemed or made any agreements to purchase or redeem any of its securities, (ii) sold any assets, individually or in the aggregate, in excess of CAD\$100,000 (other than the sale of inventory in the ordinary course of business), (iii) had capital expenditures, individually or in the aggregate, in excess of CAD\$100,000, (iv) altered its method of accounting or the identity of its auditors, (v) incurred any liabilities (contingent or otherwise), individually or in the aggregate, in excess of CAD\$250,000, other than (A) trade payables and accrued expenses incurred in the ordinary course of business and (B) liabilities not required to be reflected in the Company's financial statements pursuant to Canadian generally accepted accounting principles (including, without limitation, the footnotes thereto) or required to be disclosed in filings made with SEDAR, (vi) amended its constating documents or by-laws, (vii) entered into any transaction other than in the ordinary course of business; or (viii) issued any equity securities to any officer, director or Affiliate. Neither the Company nor any of its Subsidiaries has taken any steps to seek protection pursuant to any bankruptcy law nor does the Company have any knowledge or reason to believe that its creditors intend to initiate involuntary bankruptcy proceedings or any actual knowledge of any fact that would reasonably lead a creditor to do so.

(k) Litigation. There is no Proceeding before or by the Exchange, any Governmental Authority, self-regulatory organization or other body pending or, to the

Company's Knowledge, threatened against or affecting the Company or any of its Subsidiaries, the securities of the Company or any of its Subsidiaries or any of the Company's or its Subsidiaries' current or former officers or directors, whether of a civil or criminal nature or otherwise, in their capacities as such, except for Proceedings for amounts under \$10,000 and demand letters received by the Company for accounts payable currently overdue by the Company in an aggregate amount not in excess of \$160,000. Neither the Company nor any Subsidiary, nor any current or former director or officer thereof (in his or her capacity as such), is or has been the subject of any Proceeding involving a claim of violation of or liability under securities laws or a claim of breach of fiduciary duty, except as specifically set forth in Schedule 3.1(k).

(l) Labor Relations. Except as set forth on Schedule 3.1(l), no labor strike, dispute, work slowdown or stoppage exists or, to the Company's Knowledge, is imminent or threatened with respect to any of the employees of the Company or any Subsidiary. No collective bargaining agreement is currently in force or is currently being negotiated by the Company, any Subsidiary or any other Person in respect of the business of the Company or any Subsidiary or any of the employees of the Company or any Subsidiary and neither the Company nor any of its Subsidiaries employs any member of a union. To the Company's Knowledge, there are no threatened or pending union organizing activities involving any of the employees of the Company or any Subsidiary. No executive officer of the Company or any of its Subsidiaries has notified the Company or any such Subsidiary that such officer intends to leave the Company or any such Subsidiary or otherwise terminate such officer's employment with the Company or any such Subsidiary. No executive officer of the Company or any of its Subsidiaries is in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement, non-competition agreement, or any other contract or agreement or any restrictive covenant, and the continued employment of each such executive officer does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in compliance with all federal, state, local and foreign laws and regulations respecting labor, employment and employment practices and benefits, terms and conditions of employment and wages and hours, in all material respects.

(m) Employee Benefit Plans.

(i) Except as set forth in Schedule 3.1(m)(i), the Company and the Subsidiaries have no, and are not currently negotiating any, employment agreements, labor or collective bargaining agreements and there are no employee benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit sharing, termination, change of control, pension, retirement, stock option, stock purchase, stock appreciation, health, welfare, medical, dental, disability, life insurance and similar plans, programmes, arrangements or practices relating to any employee, director or securityholder of the Company or any Subsidiary (whether current, former or retired) or their beneficiaries maintained, sponsored or funded by the Company or any Subsidiary, whether written or oral, funded or unfunded, insured or self-insured, registered or unregistered under which the Company or any of Subsidiary may have any liability, contingent or otherwise (each a "Company Employee Plan" and collectively the "Company Employee Plans").

(ii) The Company has furnished to the Purchaser true, correct and complete copies of all the Company Employee Plans as amended, together with all related documentation including funding and investment management agreements, summary plan descriptions, the most recent actuarial reports, financial statements, asset statements, material opinions and memoranda (whether externally or internally prepared) and material correspondence with Governmental Authorities or other relevant Persons. No changes have occurred or are expected to occur which would materially affect the information contained in the actuarial reports, financial statements or asset statements required to be provided to the Purchaser.

(iii) Except as set forth in Schedule 3.1(m)(iii), the events contemplated by this Agreement (either alone or together with any other event) will not (A) entitle any employees, director or securityholder of the Company or any Subsidiary (whether current, former or retired) or their beneficiaries to severance pay, termination benefits, or any other payment pursuant to such Person's employment agreement with the Company, unemployment compensation, or other similar payments under any Company Employee Plan or law, (B) accelerate the time of payment or vesting or increase the amount of benefits due under any Company Employee Plan or compensation to any employees of the Company or any Subsidiary, (C) obligate the Company or any of its Affiliates to pay or otherwise be liable for any compensation, vacation days, pension contribution or other benefits to any current or former employee, consultant, agent or independent contractor of the Company or its Subsidiaries for periods before the Closing Date, (D) result in any payments under any Company Employee Plan or applicable law becoming due to any employee, director or securityholder of the Company or any Subsidiary (whether current, former or retired) or their beneficiaries, or (E) result in any change of control or similar payments to any officer, director, consultant, independent contractor or employee.

(iv) Except as set forth on Schedule 3.1(m)(iv), no severance payment or change of control payment or similar payment is currently payable to any executive officer or director of the Company, whether as a result of the transactions contemplated hereby or otherwise, and there are no accrued or unaccrued and unpaid obligations of the Company or any of its Subsidiaries in respect of wages, bonuses or other payouts to current or former officers, directors, consultants or employees.

(v) The Company does not and has never sponsored or participated in a defined benefit pension plan.

(vi) All Company Employee Plans have been established, registered, administered, communicated and invested in accordance with all applicable laws. Each Company Employee Plan by its terms and operation is in material compliance with all applicable laws and all required filings, if any, with respect to such Company Employee Plan have been timely made. No fact or circumstance exists which could adversely affect the registered status of any such Company Employee Plan. Neither the Company, nor any of its agents or delegates, has breached any fiduciary obligation with respect to the administration or investment of any Company Employee Plan.

(vii) The Company has made all contributions and paid all premiums in respect of each Company Employee Plan in a timely fashion in accordance with the terms of each Company Employee Plan and applicable laws.

(viii) Other than routine claims for benefits, no Company Employee Plan is subject to any pending action, investigation, examination, claim (including claims for taxes) or any other Proceeding initiated by any Person, and there exists no state of facts which could reasonably be expected to give rise to any such action, investigation, examination, claim or other Proceeding.

(ix) No insurance policy or any other agreement affecting any Company Employee Plan requires or permits a retroactive increase in contributions, premiums or other payments due under such insurance policy or agreement. The level of insurance reserves under each insured Company Employee Plan is reasonable and sufficient to provide for all incurred but unreported claims.

(x) None of the Company Employee Plans (other than pension plans) provide for retiree benefits or for benefits to retired employees or to the beneficiaries or dependants of retired employees.

(xi) Subject to the requirements of applicable laws, no provision of any Company Employee Plan or of any agreement, and no act or omission of the Company, in any way limits, impairs, modifies or otherwise affects the right of the Company to unilaterally amend or terminate any Company Employee Plan, and no commitments to improve or otherwise amend any Company Employee Plan have been made.

(xii) None of the Company Employee Plans enjoy any special tax status under any laws, nor have any advance tax rulings been sought or received in respect of any Company Employee Plan.

(n) Compliance. Except as set forth in Schedule 3.1(n), neither the Company nor any of its Subsidiaries; (i) is in violation of any term of or in default under any provision of the Company's or such Subsidiary's constating documents or by-laws, respectively; (ii) is or has been in violation of any judgment, decree or order or any statute, ordinance, rule or regulation of any Governmental Authority or any regulatory or self-regulatory agency, to which the Company or a Subsidiary is subject, or will conduct its business in violation of any of the foregoing; or (iii) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other Contract to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), except for possible defaults which could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Without limiting the generality of the foregoing, the Company is in compliance with, and is not in violation of any of, the rules, regulations or listing or maintenance requirements of the Principal Trading Market and to the Company's Knowledge there are no facts or circumstances that would reasonably lead to delisting or suspension of the Common Shares by the Principal Trading Market in the

foreseeable future. The issuance by the Company of the Securities shall not have the effect of delisting or suspending the Common Shares from the Exchange.

(o) Regulatory Permits. The Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses as presently conducted and as proposed to be conducted, except where the failure to possess such permits could not, individually or in the aggregate, reasonably be expected to have or result in a Material Adverse Effect, and neither the Company nor any Subsidiary has received any notice of Proceedings relating to the revocation or modification of any such permit.

(p) Title to Assets. The Company and its Subsidiaries have good and marketable title in all personal property owned by them that is material in any respect to the business of the Company and the Subsidiaries, in each case free and clear of all Liens, except as set forth on Schedule 3.1(p). Neither the Company nor any of its Subsidiaries own any real property. Any real property and facilities held under lease by the Company and any of its Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and its Subsidiaries.

(q) Intellectual Property.

(i) Schedule 3.1(q)(i)(A) sets forth a list of all Patents, trademark and service mark registrations and applications, internet domain name registrations and applications and copyright (and mask works) registrations and applications owned by, registered, recorded, assigned, to be assigned, or filed in the name of the Company and any of its Subsidiaries (“**Registered Company Intellectual Property Rights**”), specifying as to each item, as applicable (i) the nature of the item, including the title, (ii) the applicant or owner(s) of the item, (iii) the jurisdiction in which the item is issued or registered or in which an application for issuance or registration has been filed, (iv) the issuance, filing, registration or application numbers and dates, (v) the prosecution status and (vi) any assignor or assignee, if applicable. The Company and its Subsidiaries are current in the payment of all registration, maintenance and renewal fees with respect to the Registered Company Intellectual Property Rights. The Company and its Subsidiaries have filed all affidavits, responses, recordations, certificates and other documents and taken all currently or previously required actions for the purposes of registering, maintaining, perfecting and renewing the Registered Company Intellectual Property Rights. Schedule 3.1(q)(i)(B) sets forth a list of all licenses, sublicenses and other Contracts or permissions under which the Company or any of its Subsidiaries is a licensee or distributor of or otherwise is authorized to use any Intellectual Property Rights of a third Person or under which the Company or any of its Subsidiaries otherwise obtains Intellectual Property Rights (other than (A) shrink wrap licenses or other similar licenses for commercial off-the-shelf software that are not material components of the Company’s products with an aggregate license fee of CAD\$5,000 or less which are not required to be listed, (B) licenses to Embedded Software, and (C) implied licenses to trade secrets contained in nondisclosure agreements and other confidentiality agreements) (“**Inbound Licenses**”). Schedule 3.1(q)(i)(C) sets forth a list of all Contracts or permissions under which the Company or any of its Subsidiaries has granted to a third Person any license or sublicense to any Company Intellectual Property (other than

Contracts with customers containing nonexclusive licenses or sublicenses granted in the ordinary course of business pursuant to the Company's or any of its Subsidiaries' standard form of customer agreement and excluding implied licensees to trade secrets contained in nondisclosure agreements) ("**Outbound Licenses**"). With respect to the preceding Inbound Licenses and Outbound Licenses, there are no pending disputes regarding such Contracts, and correct and complete copies of all such listed Contracts have been provided to the Purchaser.

(ii) The Company and its Subsidiaries own, free of all Liens, or have valid and enforceable Inbound Licenses to, all right, title and interest in, all of the Intellectual Property Rights that are currently used in the conduct of the Company's or any of its Subsidiaries' businesses. The Company and its Subsidiaries are not infringing, misappropriating or otherwise violating, and have never infringed, misappropriated or otherwise violated, any Intellectual Property Right of any Person, and the conduct of the business of the Company and its Subsidiaries when conducted in substantially the same manner after the date hereof, will not infringe, misappropriate or otherwise violate any Intellectual Property Right of any Person. No Proceeding has been filed, commenced, been brought, or is pending against the Company or any Subsidiary, or is threatened in writing by any third Person against the Company or any Subsidiary with respect to any Intellectual Property Rights or Technology that have been in the past or are currently owned, licensed, distributed or used by the Company or any of its Subsidiaries in the operation of their respective businesses as conducted in the past or as currently conducted ("**Company IP Claim**"), including any Company IP Claim that alleges that the operation of any such businesses by the Company or its Subsidiaries infringes, misappropriates, impairs, dilutes or otherwise violates the Intellectual Property Rights of any Person, and to the Company's Knowledge, there are no grounds for the same, and the Company and its Subsidiaries are not subject to any outstanding injunction, judgment, order, decree, ruling, charge, settlement, or other dispute involving any third Person's Intellectual Property Rights. To the Company's Knowledge, no Person has infringed, misappropriated or otherwise violated, or is infringing, misappropriating or otherwise violating, any Intellectual Property Rights owned by the Company or any of its Subsidiaries and neither the Company nor any of its Subsidiaries has brought any Proceeding or threatened in writing any Company IP Claims against any Person. Subject to the Contracts containing nonexclusive license rights granted by the Company and its Subsidiaries in the ordinary course of business which have been made available to the Purchaser, the Company and its Subsidiaries solely and exclusively own all right, title and interest (including the sole right to enforce) in and to the Intellectual Property Rights owned or purported to be owned by the Company and its Subsidiaries, and have not exclusively licensed any such Intellectual Property Rights to any Person. No funding, facilities, or personnel of any Governmental Authority or any public or private university, college, or other educational or research institution were used, directly or indirectly, to develop or create, in whole or in part, any Intellectual Property Rights owned or purported to be owned by the Company or any of its Subsidiaries.

(iii) The Company and its Subsidiaries have made and do make commercially reasonable efforts to maintain and protect the Intellectual Property Rights owned and purported to be owned by the Company and its Subsidiaries. Without limiting the preceding sentence, each current and former employee, consultant and contractor who developed any part of any Company Product or other material Intellectual Property Rights on behalf of the Company or its Subsidiaries has executed an agreement (i) that conveys or obligates such Person to convey

to the Company and its Subsidiaries (as applicable) any and all right, title and interest of such Person in and to the Intellectual Property Rights developed by such Person in connection with such Person's employment or engagement on behalf of the Company or its Subsidiaries, (ii) as to works created in the course of such Person's employment with or engagement on behalf of the Company or its Subsidiaries, that acknowledges that the works are "works for hire" or otherwise assigning to the Company and its Subsidiaries (as applicable) all such Person's rights, title and interest in such works, and (iii) that otherwise protects the confidentiality of Technology and Intellectual Property Rights of the Company and any of its Subsidiaries, including the trade secrets of the Company and its Subsidiaries.

(iv) The Company and its Subsidiaries have (i) complied in all material respects with their respective published privacy policies and internal privacy policies and guidelines, (ii) complied in all material respects with all applicable laws relating to data privacy, data protection and data security, including with respect to the collection, storage, transmission, transfer (including cross-border transfers), disclosure and use of personal and business information (including personally identifiable information of employees, contractors, and third Persons who have provided information to Company and its Subsidiaries); and (iii) taken commercially reasonable measures with respect to the protection of personal and business information against loss, damage, and unauthorized access, use, modification, or other misuse. There has been no material loss, damage, or unauthorized access, use, modification, or other misuse of any such information by Company or any of its Subsidiaries (or any of their respective employees or, to the Company's Knowledge, contractors).

(v) Neither the execution, delivery and performance of this Agreement, nor the consummation of the transactions contemplated by this Agreement and the other Transaction Documents, nor any Contracts to which Company or any of its Subsidiaries is a party or otherwise bound prior to the Closing Date, will cause or require (or purports to cause or require) the Company or any of its Subsidiaries to (i) grant to any Person any license, covenant not to sue, immunity or other right with respect to or under any Intellectual Property Rights of the Company or any of its Subsidiaries; or (ii) be obligated to pay any royalties or other amounts, or offer any discounts, to any Person (except, in each of (i) and (ii), other than such royalties, other amounts, discounts, licenses, covenants not to sue, immunities or other rights that Company and its Subsidiaries would have had to pay, offer or grant had this Agreement not been entered into and the transactions contemplated hereby not have been consummated).

(vi) Schedule 3.1(q)(vi) contains (i) a complete and accurate list of all Open Source Software that is incorporated into, integrated or bundled with, linked to or otherwise used by the Company or any of its Subsidiaries in the development of any Company Product, (ii) a general description of the manner in which any Open Source Software is incorporated into, integrated or bundled with, linked to, used in the development or compilation of, or otherwise used in or with any Company Product, and (iii) the license terms (and version, if applicable) under which such Open Source Software is licensed or otherwise obligated (excluding, however, with respect to (i), (ii) and (iii), any Open Source Software that is incorporated into, integrated into or bundled with any Embedded Software by a third party without identifying the presence of any such Open Source Software to Company or any of its Subsidiaries). The Company and its Subsidiaries have complied with all Open Source Software license terms applicable to the Company Products, and neither the Company nor its Subsidiaries

have used Open Source Software in a manner that would under the applicable Open Source Software license terms, with respect to any Company Product, (i) require its disclosure or distribution in source code form, (ii) require the licensing thereof for the purpose of making derivative works, or (iii) impose any restriction on the consideration to be charged for the distribution thereof.

(vii) The computer, information technology and data processing systems, facilities and services used by the Company and its Subsidiaries are reasonably sufficient for the existing needs of the Company and its Subsidiaries, including as to capacity, and ability to process current peak volumes in a timely manner. To the Company's Knowledge, there is no failure, breakdown or continued substandard performance of any Software, hardware, networks, communications facilities, platforms and related systems and services used by the Company or its Subsidiaries to provide the Company Products that has caused a material disruption or interruption in or to the operation of the business of Company or any of its Subsidiaries that remains unresolved. The Company and its Subsidiaries have taken commercially reasonable steps and implemented commercially reasonable safeguards designed to protect any such systems under the possession or control of the Company or any of its Subsidiaries from any disabling codes or instructions, spyware, trojan horses, worms, viruses or other software routines that permit or cause unauthorized access to, or unauthorized disruption, impairment, disablement, or unauthorized destruction of, Software, data or other materials.

(r) Insurance. The Company and each of its Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company believes to be prudent and customary in the businesses in which the Company and its Subsidiaries are engaged. A list of the current insurance policies maintained by the Company and its Subsidiaries and the amount of coverage is set forth on Schedule 3.1(r). Neither the Company nor any such Subsidiary has been refused any insurance coverage sought or applied for and neither the Company nor any such Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(s) Transactions With Affiliates and Employees. None of the current or former officers, directors, partners, securityholders or employees of the Company or any of its Subsidiaries, or any associate or any Affiliate of any thereof, or any relative with a relationship no more remote than first cousin of any current or former officer, director, partner, or employee of the Company or its Subsidiaries, is presently (i) a party to any transaction with the Company or any of its Subsidiaries (other than for ordinary course services as employees, officers or directors), including any Contract providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any such officer, director, partner, securityholder or employee or such associate or Affiliate or relative or, to the Company's Knowledge, any corporation, partnership, trust or other entity in which any such officer, director, partner, securityholder or employee or such associate or Affiliate or relative has a substantial interest or is an officer, director, trustee or partner or (ii) the direct or indirect owner of an interest in any corporation, firm, association or business organization which is a competitor, supplier or customer of the Company or its Subsidiaries



(except for a passive investment (direct or indirect) of less than 2% of the common shares or equity securities of a company whose securities are traded on a national stock exchange), nor does any such Person receive income from any source other than the Company or its Subsidiaries which relates to the business of the Company or its Subsidiaries or should properly accrue to the Company or its Subsidiaries. No employee, officer, securityholder or director of the Company or any of its Subsidiaries or member of his or her immediate family is indebted to the Company or any of its Subsidiaries, as the case may be, nor is the Company or any of its Subsidiaries indebted (or committed to make loans or extend or guarantee credit) to any of them, other than (x) for payment of salary for services rendered, (y) reimbursement for reasonable expenses incurred on behalf of the Company, and (z) for other standard employee benefits made generally available to all employees or executives (including stock option agreements outstanding under any stock option plan approved by the Board).

(t) Internal Accounting Controls. The Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles in Canada and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company has established disclosure controls and procedures for the Company and designed such disclosure controls and procedures to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under applicable Canadian securities laws is recorded, processed, summarized and reported, within the time periods specified within applicable Canadian securities laws, rules and forms, including without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under Canadian securities laws is accumulated and communicated to the Company's management, including its principal executive officer or officers and its principal financial officer or officers, as appropriate, to allow timely decisions regarding required disclosure. During the twelve (12) months prior to the date hereof, neither the Company nor any of its Subsidiaries has identified any material weakness in any part of the system of internal accounting controls of the Company or any of its Subsidiaries.

(u) Solvency. The Company believes that, based on the financial condition of the Company immediately following the Closing Date, (i) the Company's fair saleable value of its assets exceeds the amount that will be required to be paid on or in respect of the Company's existing debts and other liabilities (including known contingent liabilities) as they mature; (ii) the Company's assets do not constitute unreasonably small capital to carry on its business for the current fiscal year as now conducted and as proposed to be conducted including its capital needs taking into account the particular capital requirements of the business conducted by the Company, and projected capital requirements and capital availability thereof; and (iii) the current cash flow of the Company, together with the proceeds the Company would receive, were it to liquidate all of its assets, after taking into account all anticipated uses of the cash, would be sufficient to pay all amounts on or in respect of its debt when such amounts are required to be paid. Following the Closing Date, the Company does not intend to incur debts beyond its ability

to pay such debts as they mature (taking into account the timing and amounts of cash to be payable on or in respect of its Indebtedness).

(v) No General Solicitation; Certain Fees. Neither the Company, nor any of its Subsidiaries or Affiliates, nor any Person acting on its or their behalf, has solicited any offer to buy or offer to sell the Securities by means of any form of general solicitation or general advertising, including within the meaning of Regulation D promulgated under the U.S. Securities Act, or in any manner involving a distribution to the public. Except as set forth in Schedule 3.1(v), no brokerage or finder's fees or commissions are or will be payable by the Company to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by this Agreement. The Purchaser shall have no obligation with respect to any fees or with respect to any claims made by or on behalf of other Persons for fees of a type contemplated in this Section 3.1(v) that may be due in connection with the transactions contemplated by this Agreement. The Company shall pay, and indemnify and hold harmless the Purchaser, its employees, officers, directors, agents, and partners, and their respective Affiliates, from and against, all liabilities, claims, losses, damages, costs (including the costs of preparation and attorney's fees) and expenses suffered in respect of any such claimed or existing fees, as such fees and expenses are incurred.

(w) Private Placement. Subject to the accuracy of the representations and warranties of the Purchaser contained in Section 3.2 hereof, the offer and sale of the Securities to the Purchaser as contemplated hereby (y) is exempt from the registration requirements of the U.S. Securities Act and from the prospectus requirements of applicable Canadian securities laws and (z) does not contravene the rules and regulations of the Exchange.

(x) Application of Takeover Protections. The Company and the Board have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's constating documents and by-laws and the laws of its jurisdiction of incorporation that is or could become applicable to the Purchaser as a result of the Purchaser and the Company fulfilling their obligations or exercising their rights under the Transaction Documents, including without limitation as a result of the Company's issuance of the Securities and the Purchaser's ownership of the Securities. The Company has not adopted a shareholder rights plan or similar arrangement relating to accumulations of beneficial ownership of Common Shares or a change in control of the Company.

(y) Disclosure. All disclosure provided to the Purchaser regarding the Company, or any of its Subsidiaries, their business and the transactions contemplated hereby, including the disclosure schedules to this Agreement, furnished by or on behalf of the Company is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. No event or circumstance has occurred or information exists with respect to the Company or any of its Subsidiaries or its or their business, properties, prospects, operations or financial conditions, which, under applicable law, rule or regulation, requires public disclosure or announcement by the Company but which has not been so publicly announced or disclosed. The Company acknowledges and agrees that

the Purchaser is not making, and has not made, any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 3.2.

(z) Acknowledgment Regarding Purchaser's Purchase of Common Shares. The Company acknowledges and agrees that the Purchaser is acting solely in the capacity of an arm's length purchaser with respect to this Agreement and the transactions contemplated hereby and thereby. The Company further acknowledges that Purchaser is not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to this Agreement and the transactions contemplated hereby and any advice given by the Purchaser or any of its respective representatives or agents in connection with this Agreement and the transactions contemplated hereby is merely incidental to the Purchaser's purchase of the Securities. The Company further represents to the Purchaser that the Company's decision to enter into this Agreement has been based solely on the independent evaluation of the Company and its representatives. The Company further acknowledges that the Purchaser has not made any promises or commitments other than as set forth in this Agreement or the other Transaction Documents to which the Purchaser is a party, including any promises or commitments for any additional investment by the Purchaser in the Company.

(aa) Investment Company Status. The Company is not, and upon consummation of the sale of the Purchaser Common Shares, and for so long the Purchaser holds any Securities, will not be, an "investment company," a company controlled by an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended.

(bb) Indebtedness.

(i) Except as disclosed in Schedule 3.1(bb), neither the Company nor any of its Subsidiaries (i) has any outstanding Indebtedness, (ii) has any financing statements securing obligations in any material amounts, either singly or in the aggregate, filed in connection with the Company or any of its Subsidiaries or (iii) is a party to any Material Contract or other Contract relating to any Indebtedness the performance of which, in the judgment of the Company's officers, has or is expected to have a Material Adverse Effect. The Company is not in default of any of its Indebtedness. Schedule 3.1(bb) provides a detailed description of the material terms of any such outstanding Indebtedness.

(cc) Suppliers and Customers. The Company has provided to the Purchaser a list of the ten (10) largest suppliers and ten (10) largest customers of the Company and the Subsidiaries as of the date hereof, based on the dollar amount of sales for the twelve (12) month period ended December 31, 2012 and for the eleven (11) month period ended November 30, 2013.

(dd) Environmental Matters.

(i) The Company and each of its Subsidiaries has been and is in material compliance with all applicable Canadian, U.S., state, municipal and local laws, statutes, ordinances, bylaws and regulations and orders, directives and decisions rendered by any

Governmental Authority (“**Environmental Laws**”) relating to the protection of the environment, occupational health and safety or the processing, use, treatment, storage, disposal, discharge, transport or handling of any pollutants, contaminants, chemicals or industrial, toxic or hazardous wastes or substance.

(ii) The Company and each of its Subsidiaries has obtained all material licenses, permits, approvals, consents, certificates, registrations and other authorizations under Environmental Laws (the “**Environmental Permits**”) necessary for the operation of its projects as currently operated and each Environmental Permit is valid, subsisting and in good standing and the holders of the Environmental Permits are not in default or breach thereof and no Proceeding is pending or threatened to revoke or limit any Environmental Permit, except in each case where the result would not have a Material Adverse Effect on the Company and its Subsidiaries, on a consolidated basis.

(iii) Neither the Company (including, if applicable, any predecessor companies thereof) nor any of its Subsidiaries has received any notice of, or been prosecuted for an offence alleging, material non-compliance with any Environmental Laws, and neither the Company nor any of its Subsidiaries has settled any allegation of material non-compliance short of prosecution. There are no order or directions relating to environmental matters requiring any material work, repairs, construction or capital expenditures to be made with respect to any of the assets of the Company or its Subsidiaries, nor has the Company or any of its Subsidiaries received notice of any of the same and which orders directions or notices remain outstanding as unresolved, that if adversely determined would have a Material Adverse Effect.

(ee) Foreign Corrupt Practices Act. Neither the Company, nor any of its Subsidiaries, nor any director, officer, agent, employee or other Person acting on behalf of the Company or any of its Subsidiaries has, in the course of its actions for, or on behalf of, the Company or any of its Subsidiaries (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the Corruption of Foreign Public Officials Act (Canada), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) or the U.S. Foreign Corrupt Practices Act of 1977, as amended, or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to the Company or the Subsidiaries and their respective operations; or (iv) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

(ff) No Disagreements with Accountants. There are no material disagreements of any kind presently existing, or reasonably anticipated by the Company to arise, between the Company and the accountants formerly or presently employed by the Company and the Company is current with respect to any fees owed to its accountants which could affect the Company’s ability to perform any of its obligations under any of the Transaction Documents. The Company’s accountants who reported on the latest annual financial statements of the Company filed on SEDAR are and were during the periods covered by their report, independent with respect to the Company and its Subsidiaries in accordance with the rules of professional conduct applicable to accountants in Canada and applicable Canadian securities laws. In

addition, on or prior to the date hereof, the Company had discussions with its accountants about its financial statements previously filed on SEDAR. Based on those discussions, the Company has no reason to believe that it will need to restate any such financial statements or any part thereof.

(gg) Stock Option Plans. Each stock option granted by the Company was granted (i) in accordance with the terms of the applicable Company stock option plan and the requirements of the Exchange, and (ii) with an exercise price at least equal to the greater of the closing market price of the underlying securities on (a) the Trading Day prior to the date of grant of such stock option, and (b) the date of grant of such stock option. No stock option granted under the Company's stock option plan has been backdated. The Company has not knowingly granted, and there is no and has been no Company policy or practice to knowingly grant, stock options prior to, or otherwise knowingly coordinate the grant of stock options with, the release or other public announcement of material information regarding the Company or its Subsidiaries or their financial results or prospects.

(hh) Subsidiary Rights. The Company and each of its Subsidiaries holding equity securities in another Subsidiary have the unrestricted right to vote, and (subject to limitations imposed by applicable law) to receive dividends and distributions on, all of the equity securities respectively held by them.

(ii) Money Laundering Laws. The operations of each of the Company and any Subsidiary are and have been conducted at all times in compliance with the money laundering statutes of applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any applicable Governmental Authority (collectively, the "Money Laundering Laws") and no action, suit or Proceeding by or before any court or Governmental Authority or any arbitrator involving the Company and/or any Subsidiary with respect to the Money Laundering Laws is pending or threatened.

(jj) PFIC. Neither the Company nor any Subsidiary is or intends to become a "passive foreign investment company" within the meaning of Section 1297 of the U.S. Internal Revenue Code of 1986, as amended.

(kk) Off Balance Sheet Arrangements. There is no transaction, arrangement, or other relationship between the Company (or any Subsidiary) and an unconsolidated or other off balance sheet entity that is required to be publicly disclosed by the Company under applicable Canadian securities laws and is not so disclosed.

(ll) Listing. The Common Shares are listed for trading on the Exchange and the Company has not received any notification (written or oral) from the Exchange to the effect that the Company is not in compliance with the listing or maintenance requirements of such exchange. The Company will use its commercially reasonable efforts to seek and obtain the acceptance for the purchase and sale of the Securities from the Exchange.

(mm) No Additional Agreements. The Company does not have any agreement or understanding with the Purchaser with respect to the transactions contemplated by the Transaction Documents other than as specified in the Transaction Documents.

(nn) Concurrent Equity Financing. The terms and conditions of the Concurrent Equity Financing are evidenced solely by the Concurrent Equity Financing Purchase Agreement. Except for the Concurrent Equity Financing Purchase Agreement, the Company has not entered into any side letters or other agreements with any of the investors relating to the Concurrent Equity Financing save and except for the Stableview Term Sheet.

3.2 Representations and Warranties of the Purchaser. The Purchaser hereby represents and warrants to the Company as follows:

(a) Organization; Authority. The Purchaser is an entity duly organized, validly existing and in good standing under the laws of the State of Delaware with the requisite limited liability company power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution, delivery and performance by the Purchaser of the Transaction Documents to which it is a party have been duly authorized by all necessary limited liability company action on the part of the Purchaser. Each of the Transaction Documents to which the Purchaser is a party has been duly executed by the Purchaser and, when delivered by the Purchaser in accordance with terms hereof, will constitute the valid and legally binding obligation of the Purchaser, enforceable against it in accordance with its terms.

(b) Investment Intent. The Purchaser is acquiring the Securities as principal for its own account for investment purposes and not with a view to distributing or reselling the Securities or any part thereof in violation of applicable securities laws, without prejudice, however, to the Purchaser's right at all times to sell or otherwise dispose of all or any part of the Securities in compliance with applicable securities laws. Nothing contained herein shall be deemed a representation or warranty by the Purchaser to hold the Securities for any period of time. The Purchaser understands that the Securities have not been registered under the U.S. Securities Act, and therefore the Securities may not be sold, assigned or transferred unless pursuant to (i) an effective registration statement under the U.S. Securities Act with respect thereto or (ii) an available exemption from the registration requirements of the U.S. Securities Act. The Purchaser understands that the Securities have not been qualified by way of prospectus for distribution to the public in Canada, and therefore may not be sold, assigned or transferred until the expiry of the applicable restricted period under Canadian securities laws and rules of the CSE, except in accordance with limited exemptions and compliance with other requirements of applicable Canadian securities laws.

(c) Purchaser Status. At the time the Purchaser was offered the Securities, it was, and at the date hereof it is, an "accredited investor" (i) as defined in Rule 501(a) under the U.S. Securities Act, and (ii) within the meaning of Section 1.1 of NI 45-106. The Purchaser is a resident of the United States and the investment decision with respect to the Securities was made in such jurisdiction. The Purchaser's address in the United States was not created and is not used solely for the purpose of acquiring the Securities and the Purchaser was solicited to purchase the Securities only in such jurisdiction.

(d) Experience of the Purchaser. The Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. The Purchaser is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(e) General Solicitation. The Purchaser is not purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(f) Access to Data. The Purchaser has received and reviewed information about the Company and has had an opportunity to discuss the Company's business, management and financial affairs with its management and to review the Company's facilities. The foregoing, however, does not limit or modify the representations and warranties made by the Company in this Agreement or any other provision in this Agreement or the right of the Purchaser to rely thereon.

(g) U.S. Legend. It is understood that certificates evidencing the Securities shall bear the following or any similar U.S. legend:

"THE SECURITIES REPRESENTED HEREBY MAY NOT BE TRANSFERRED UNLESS (I) SUCH SECURITIES HAVE BEEN REGISTERED FOR SALE PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED, (II) THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO IT THAT SUCH TRANSFER MAY LAWFULLY BE MADE WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND QUALIFICATION UNDER APPLICABLE STATE SECURITIES LAWS, OR (III) SUCH SECURITIES ARE SOLD IN CANADA PURSUANT TO RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES."

(h) Canadian Legend. It is understood that certificates evidencing the Securities shall bear the following or any similar Canadian legend:

"UNLESS PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT DATE WHICH IS FOUR (4) MONTHS PLUS ONE (1) DAY AFTER ISSUANCE]"

(i) Broker. No brokerage or finder's fees or commissions are or will be payable by the Purchaser to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by this Agreement.

(j) Illegal Use of Funds. None of the funds being used to purchase the Purchaser Common Shares are to the Purchaser's knowledge proceeds obtained or derived directly or indirectly as a result of illegal activities. The funds being used to purchase the Purchaser Common Shares which will be advanced by the Purchaser to the Company hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "PCMLTFA") and the Purchaser acknowledges that the Company may in the future be required by law to disclose the Purchaser's name and other information relating to this Agreement and the Purchaser's subscription hereunder, on a confidential basis, pursuant to the PCMLTFA. To the best of the Purchaser's knowledge, none of the funds to be provided by the Purchaser are being tendered on behalf of a Person who has not been identified to the Purchaser, and the Purchaser shall promptly notify the Company if the Purchaser discovers that the foregoing representations cease to be true, and shall promptly provide the Company with all necessary information in connection therewith.

(k) Resale Restrictions. The Purchaser (A) has been advised to, and will, consult its own legal advisors with respect to trading in the Securities and with respect to the resale restrictions imposed by the applicable securities laws of the jurisdiction in which the Purchaser resides and other applicable securities laws and the rules of the Exchange, (B) acknowledges such resale restrictions, and (C) acknowledges that it is solely responsible (and the Company is in no way responsible) for compliance with applicable resale restrictions and agrees to comply with all applicable resale restrictions.

(l) Absence of Offering Memorandum or Similar Document. The Purchaser has not received, nor has it requested, nor does it have any need to receive, any offering memorandum or any other document describing the business and affairs of the Company (other than this Agreement and the SEDAR Filings).

(m) Other Documents. The Purchaser will promptly execute, deliver and file any other documents required by applicable securities laws, the Canadian Securities Authorities, the SEC and the Exchange in order to permit the purchase of the Securities on the terms herein set forth which the Company reasonably requests.

(n) Certain Acknowledgments. The Purchaser acknowledges and agrees that:

(i) (A) no agency, securities commission, Governmental Authority, regulatory body, stock exchange or other entity has reviewed, passed on, made any finding or determination as to the merits of investment in, nor have any such agencies, securities commissions, Governmental Authorities, regulatory bodies, stock exchanges or other entities made any recommendation or endorsement with respect to the Securities or the purchase and sale of the Purchaser Common Shares; (B) there is no government or other insurance covering the Securities; and (C) there are risks associated with the purchase of the Purchaser Common Shares;



(ii) no prospectus, registration statement or other offering document has been filed by the Company with a securities commission or other securities regulatory authority in any jurisdiction in or outside of Canada in connection with the issuance of the Purchaser Common Shares, and such issuance is being made pursuant to an exemption from the prospectus requirements otherwise applicable under the provisions of applicable securities laws and, as a result, in connection with its purchase of the Purchaser Common Shares hereunder, as applicable:

(1) the Purchaser is restricted from using most of the protections, rights and remedies available under applicable securities laws including, without limitation, statutory rights of rescission or damages;

(2) the Purchaser will not receive information that may otherwise be required to be provided to the Purchaser under applicable securities laws or contained in a prospectus prepared in accordance with applicable securities laws if the exemptions were not being used;

(3) the Company is relieved from certain obligations that would otherwise apply under such applicable securities laws; and

(4) there are restrictions on the Purchaser's ability to resell the Securities and it is the responsibility of the Purchaser to determine these restrictions and to comply with them before selling any of the Securities;

(iii) the Purchaser Common Shares are being offered for sale only on a "private placement" basis;

(iv) the Company's counsel, WeirFoulds LLP, does not assume any responsibility or liability of any nature whatsoever for the accuracy or adequacy of the SEDAR Filings or as to whether all information concerning the Company required to be disclosed by the Company has been generally disclosed and that such counsel are entitled to the benefit of this subsection;

(v) there may be material tax consequences to the acquisition, disposition or exercise of any of the Purchaser Common Shares; the Company gives no opinion and makes no representation with respect to the tax consequences to the Purchaser under local or foreign tax law of the Purchaser's acquisition or disposition of the Purchaser Common Shares, and it is solely responsible for obtaining such legal advice and tax advice as it considers appropriate in connection with the execution, delivery and performance by it of this Agreement and the completion of the transactions contemplated hereby;

(vi) The Company is required to file a report of trade with all applicable Canadian Securities Authorities containing personal information about the Purchaser. This report of trade will include the full name, residential address and telephone number of the Purchaser, the number and type of Securities purchased, the total purchase price paid for such Securities, the date of the Closing and the prospectus exemption relied upon under applicable securities laws to complete such purchase. In Ontario, this information is collected indirectly by the Ontario Securities Commission under the authority granted to it under, and for the purposes

of the administration and enforcement of, the securities legislation in Ontario. The Purchaser may contact the Administrative Support Clerk at the Ontario Securities Commission at Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario, M5H 3S8 or by telephone at (416) 593-3684 for more information regarding the indirect collection of such information by the Ontario Securities Commission. The Company may also be required pursuant to applicable securities laws to file this Agreement on SEDAR. By completing this Agreement, the Purchaser authorizes the indirect collection of the information described in this paragraph by all applicable Canadian Securities Authorities and consents to the disclosure of such information to the public through (i) the filing of a report of trade with all applicable Canadian Securities Authorities and (ii) the filing of this Agreement on SEDAR; and

(vii) The Company has engaged the advisor set forth on Schedule 3.1(v) and the Company is responsible for paying to such advisor the placement fees set forth on Schedule 3.1(v) in connection with the transactions contemplated by the Transaction Documents,

#### ARTICLE IV. CERTAIN AGREEMENTS OF THE PARTIES

##### 4.1 Legends.

(a) Certificates evidencing the Securities shall bear the legends specified in Section 3.2(g) and Section 3.2(h) above, until such time as they may be resold without restriction under applicable securities laws or as otherwise provided in Section 4.1(c).

(b) The Company acknowledges and agrees that the Purchaser may from time to time pledge, and/or grant a security interest in, some or all of the legended Securities in connection with applicable securities laws, pursuant to a bona fide margin agreement in compliance with a bona fide margin loan. Such a pledge would not be subject to approval or consent of the Company and no legal opinion of legal counsel to the pledgee, secured party or pledgor shall be required in connection with the pledge, but such legal opinion shall be required in connection with a subsequent transfer or foreclosure following default by the Purchaser's transferee of the pledge. No notice shall be required of such pledge, but the Purchaser's transferee shall promptly notify the Company of any such subsequent transfer or foreclosure. The Purchaser acknowledges that the Company shall not be responsible for any pledges relating to, or the grant of any security interest in, any of the Securities or for any agreement, understanding or arrangement between the Purchaser and its pledgee or secured party. At the Purchaser's request, the Company will execute and deliver such reasonable documentation as a pledgee or secured party of Securities may reasonably request in connection with a pledge or transfer of the Securities.

(c) Certificates evidencing Securities shall not be required to contain the legend set forth in Section 3.2(g) if (i) a Registration Statement covering the resale of such Securities under the U.S. Securities Act is effective (provided that the Purchaser agrees to only sell such Securities when, and as permitted, by the effective Registration Statement permitting such resale), (ii) such Securities are sold or transferred in compliance with Rule 144, (iii) such Securities are sold in Canada pursuant to Rule 904 of Regulation S under the U.S. Securities Act or (iv) the Company has received an opinion of counsel satisfactory to it that such transfer may

lawfully be made in compliance with Rule 144 or otherwise without registration under the U.S. Securities Act. Following the Effective Date, or at such earlier time as a legend is no longer required for the Securities, the Company will no later than three (3) Trading Days following the delivery by the Purchaser to the Company or its transfer agent (with notice to the Company) of a legended certificate representing such Securities (endorsed or with share powers attached, signatures guaranteed, and otherwise in form necessary to affect the reissuance and/or transfer) and an opinion of counsel to the extent required by clause (iv) above, deliver or cause to be delivered to the Purchaser a certificate representing such Securities that is free from the legend contained in Section 3.2(g) above. The Company may not make any notation on its records or give instructions to its transfer agent that enlarge the restrictions on transfer set forth in this Section 4.1.

(d) The Company represents and warrants that it shall not issue any instruction to its transfer agent in connection with this Agreement, without the prior written consent of the Purchaser, and that the Securities shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement and the other Transaction Documents and applicable law. The Company acknowledges that a breach by it of its obligations under this Section 4.1(d) will cause irreparable harm to the Purchaser. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section 4.1(d) will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section 4.1(d), that the Purchaser shall be entitled, in addition to all other available remedies, to an order and/or injunction restraining any breach and requiring immediate issuance and transfer, without the necessity of showing economic loss and without any bond or other security being required.

4.2 Dilution. The Company acknowledges that the issuance of the Securities will result in substantial dilution of the outstanding Common Shares. The Company further acknowledges that its obligations under the Transaction Documents, including without limitation its obligation to issue the Securities pursuant to the Transaction Documents, are unconditional and absolute and not subject to any right of set off, counterclaim, delay or reduction, regardless of the effect of any such dilution.

4.3 Integration. The Company shall not, and shall use its reasonable best efforts to ensure that no Affiliate of the Company shall, sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the U.S. Securities Act) that would be integrated with the offer or sale of the Securities in a manner that would require the registration under the U.S. Securities Act of the sale of the Securities to the Purchaser.

4.4 Listing of Securities; Canadian Securities Filings.

(a) The Company shall take all necessary action to cause the Securities to be listed on the Exchange as of the date of their issuance. Further, if the Company applies to have its Common Shares or other securities traded on any other Trading Market, it shall include in such application the Securities and will take such other action as is necessary to cause such Common Shares to be so listed. The Company will use commercially reasonable efforts to continue the listing and trading of its Common Shares on the Exchange (or, if the Company graduates the listing of its Common Shares from the Exchange to another Trading Market, on

such other Trading Market) and, in accordance, therewith, will use commercially reasonable efforts to comply in all respects with the Company's reporting, filing and other obligations applicable to issuers whose securities are listed on such market.

(b) The Company will make all filings required by the laws, rules and regulations of the applicable Canadian Securities Authorities in connection with the sale of the Securities.

(c) The Company is presently a reporting issuer in the Canadian Provinces of Alberta, British Columbia and Ontario and will use its best efforts to remain a reporting issuer not in default of the applicable securities laws of each such provinces. The Company understands and confirms that the Purchaser shall be relying on the foregoing representations in effecting transactions in securities of the Company.

#### 4.5 Subsequent Placements.

(a) For so long as the Purchaser and its Affiliates own at least five percent (5%) of the issued and outstanding Common Shares (as subject to adjustment for stock splits and stock combinations affecting the Common Shares), the Company shall not, without the prior written consent of the Purchaser (in its sole and absolute discretion), issue (A) any Common Shares at a per share purchase price less than the Per Share Purchase Price (as subject to adjustment for stock splits and stock combinations affecting the Common Shares) or issue any Common Share Equivalents with a conversion price or exercise price less than the Per Share Purchase Price (or amend the terms of any Common Share Equivalents to have an exercise price or conversion price less than the Per Share Purchase Price, excluding, for the avoidance of doubt, customary adjustments for stock splits, stock dividends and stock combinations per the terms of such Common Share Equivalents) or (B) any Common Shares or Common Share Equivalents to the extent the effective purchase or conversion price or the number of underlying shares floats or resets or otherwise varies or is subject to adjustment (directly or indirectly) based on market prices of the Common Shares. To the extent the Purchaser consents to any issuance specified in clauses (A) or (B), the Purchaser shall have the right to participate in such issuance in accordance with Sections 4.5(c) and (d) below.

(b) From and after the Closing, the Company will not, directly or indirectly, effect any Subsequent Placement unless the Company shall have (y) obtained the consent of the Purchaser to the extent required by Section 4.5(a) above and (z) first complied with Sections 4.5(c) and (d).

(c) If the Company desires to raise additional capital through a Subsequent Placement, the Company shall notify the Purchaser, in writing (a "**Financing Notice**"). The Purchaser shall have fifteen (15) Business Days from receipt of the Financing Notice to provide the Company with a financing proposal (the "**Financing Proposal**"). Within seven (7) Business Days' following receipt of the Financing Proposal, the Company shall notify the Purchaser, in writing (a "**Financing Response Notice**"), whether it elects to accept or reject the Financing Proposal. To the extent the Company does not deliver a Financing Response Notice within such seven (7) Business Day period, the Company shall be deemed to have rejected the Purchaser's Financing Proposal. If the Company timely accepts the Purchaser's Financing Proposal, then the

Company and the Purchaser shall (i) in good faith discuss any modifications to the Board composition (if any) detailed in Section 4.7 below arising from the Purchaser's proposed acquisition of additional Common Shares (or other securities of the Company) and (ii) work together to negotiate, prepare and enter into definitive documentation pertaining to such Financing Proposal and to consummate the financing transaction contemplated by the Financing Proposal within sixty (60) days from the date of the Company's acceptance of such Financing Proposal. The Purchaser and its Affiliates shall be the sole investor in connection with any Financing Proposal accepted by the Company, except as otherwise permitted by the Purchaser. If, within the aforementioned seven (7) Business Day period, the Company rejects (or is deemed to reject) the Purchaser's Financing Proposal, the Company may, for a period of ninety (90) days thereafter and subject to compliance with Section 4.5(d) below, seek to consummate a Subsequent Placement with one or more third parties (a "**Third Party Financing**") at a price that is not less than the price offered by the Purchaser in its Financing Proposal and otherwise on terms and conditions not less favorable than those offered by the Purchaser in its Financing Proposal. If the Company does not consummate a Third Party Financing within such ninety (90) day period, the Company must again comply with the provisions on this Section 4.5(c).

(d)

(i) The Company shall deliver to the Purchaser a written notice (the "**Offer**") of any proposed or intended issuance or sale or exchange of the securities being offered (the "**Offered Securities**") in any Subsequent Placement (including pursuant to any Third Party Financing), which Offer shall (w) identify and describe the Offered Securities, (x) describe the price and other terms upon which they are to be issued, sold or exchanged, and the number or amount of the Offered Securities to be issued, sold or exchanged, (y) identify the Persons or entities to which or with which the Offered Securities are to be offered, issued, sold or exchanged and (z) offer to issue and sell to or exchange with the Purchaser its Pro Rata Share of the Offered Securities.

(ii) To accept an Offer, in whole or in part, the Purchaser must deliver a written notice to the Company prior to the end of the ten (10) Trading Day period after the Offer (a "**Notice of Acceptance**"), setting forth the portion of the Purchaser's Pro Rata Share of the Offered Securities that the Purchaser elects to purchase.

(iii) The Company shall have thirty five (35) Trading Days from the expiration of the period set forth in Section 4.5(d)(ii) above (or, in the case of a Third Party Financing, the later of (y) the expiration of the period set forth in Section 4.5(d)(ii) above or (z) the expiration of the ninety (90) day period set forth in Section 4.5(c) above) to issue, sell or exchange all or any part of such Offered Securities as to which a Notice of Acceptance has not been given by the Purchaser (the "**Refused Securities**"), but only to the offerees described in the Offer and only upon terms and conditions (including, without limitation, unit prices and interest rates) that are not more favorable to the acquiring Person or Persons or less favorable to the Company than those set forth in the Offer.

(iv) In the event the Company shall propose to sell less than all of the Offered Securities, then the Purchaser may, at its sole option and in its sole discretion, reduce the number or amount of the Offered Securities specified in its Notice of Acceptance to an amount

that shall be not less than the number or amount of the Offered Securities that the Purchaser elected to purchase pursuant to Section 4.5(d)(ii) above multiplied by a fraction, (i) the numerator of which shall be the number or amount of Offered Securities the Company actually proposes to issue, sell or exchange (including Offered Securities to be issued or sold to the Purchaser pursuant to Section 4.5(d)(ii) above prior to such reduction) and (ii) the denominator of which shall be the original amount of the Offered Securities. In the event that the Purchaser so elects to reduce the number or amount of Offered Securities specified in its Notice of Acceptance, the Company may not issue, sell or exchange more than the reduced number or amount of the Offered Securities unless and until such securities have again been offered to the Purchaser in accordance with Section 4.5(d)(i) above.

(v) Upon the closing of the issuance, sale or exchange of all or less than all of the Offered Securities, the Purchaser shall acquire from the Company, and the Company shall issue to the Purchaser, the number or amount of Offered Securities specified in the Notices of Acceptance, as reduced pursuant to Section 4.5(d)(iv) above if the Purchaser has so elected, upon the terms and conditions specified in the Offer. The purchase by the Purchaser of any Offered Securities is subject in all cases to the preparation, execution and delivery by the Company and the Purchaser of a purchase agreement relating to such Offered Securities reasonably satisfactory in form and substance to the Company, the Purchaser and their respective counsel.

(vi) Any Offered Securities not acquired by the Purchaser or other Persons in accordance with Section 4.5(d)(iii) above may not be issued, sold or exchanged until they are again offered to the Purchaser under the procedures specified in Sections 4.5(c) and (d) this Agreement.

(e) For the avoidance of doubt, the Company may not effect any Third Party Financing unless it has complied with Section 4.5(c).

(f) The restrictions contained in this Section 4.5 shall not apply to issuances of Excluded Securities.

(g) For greater certainty, in connection with any issuance, sale or exchange of securities to the Purchaser pursuant to this Section 4.5, the Company will seek shareholder approval where required under applicable securities laws or the rules of the Exchange and comply with any other requirement of such laws and rules.

4.6 [Reserved]

4.7 Board Composition and Board Nomination Rights.

(a) During the period commencing on the Closing Date and continuing through and until the Board Nomination Expiration Date, the Company shall provide each shareholder entitled to vote at any annual and/or special meeting of shareholders of the Company (the “Shareholder Meeting”) at which directors of the Company will be elected a proxy statement soliciting each such shareholder’s affirmative vote at the Shareholder Meeting for approval of resolutions (“Shareholder Resolutions”) providing for the following:

(i) the election of five (5) members of the Board as follows (the “Board Nomination Rights”):

(A) two (2) members nominated by the Purchaser;

(B) two (2) members nominated by a majority of the members of the Board not nominated by the Purchaser; and

(C) one (1) independent member of the Board (the “Independent Board Member”) nominated by mutual agreement of (y) the Purchaser and (z) a majority of the members of the Board not nominated by the Purchaser; and

(ii) any other matters relating thereto to be approved by the shareholders of the Company (including the ratification by the shareholders of the By-laws Amendment).

In furtherance of the Company’s obligations, the Company shall use its best efforts to solicit its shareholders’ approval of the Shareholder Resolutions and the Board shall recommend to the shareholders that they approve the Shareholder Resolutions. In the event that, at the first Shareholder Meeting following the Closing Date (the “First Meeting”), the Company does not obtain Shareholder Approval, the Company shall, in addition to satisfying its obligations under the immediately preceding sentence, call a special meeting of its shareholders as soon as reasonably practicable but in no event later than ninety (90) days following the First Meeting (or any additional meeting of shareholders at which Shareholder Approval is sought but not obtained) to seek Shareholder Approval until the date Shareholder Approval is obtained

(b) The Board shall initially consist of five (5) directors. The Company shall not decrease or increase the size of the Board without the prior written consent of the Purchaser and the Board Nomination Rights shall survive until the earlier to occur of (y) the five (5) year anniversary of the Closing Date and (z) the consummation of a User Friendly Take-Over Offer with the Purchaser or an Affiliate of the Purchaser (the earlier to occur of (y) and (z), the “Board Nomination Expiration Date”). From and after the Closing until the Board Nomination Expiration Date, (y) the board of directors (or other governing body) of each Subsidiary shall consist of the same five (5) directors who comprise the Board and are nominated in accordance with the Board Nomination Rights and (z) each committee of the Board and the board of directors (or other governing body) of each Subsidiary shall consist of up to five (5) members and the directors nominated by the Purchaser shall be entitled to serve on each such committee of the Board and the board of directors (or other governing body) of each Subsidiary.

(c) From and after the Closing until the Board Nomination Expiration Date, the Purchaser shall comply with the Board Nomination Rights, except (i) following the occurrence of an Event of Default and (ii) to the extent the Board Nomination Rights are modified in connection with the consummation of a Financing Proposal with the Purchaser pursuant to Section 4.5(c) above.

(d) Nancy Shemwell and George Cooney shall resign from the Board effective immediately following the Closing and shall be replaced, effective immediately

following the Closing, by Bruce Howard and David Lambert. On the date of Closing, the size of the Board shall be increased to consist of five (5) members and the vacancy on the Board caused by such increase in the size of the Board shall be filled by Walter Andri. As a result, effective as of the Closing, the Board shall consist of the following five (5) individuals: Bruce Howard; David Lambert; Mickey Tsui; S. Graeme Ross, and Walter Andri. The Company shall take all necessary action to ensure that the Board is reconstituted as set forth in the immediately preceding sentence effective as of the Closing.

(e)

(i) Unless waived by all of the members of the Board, each member shall be given at least forty eight (48) hours prior written notice of any special meeting and of any regularly scheduled quarterly meeting (which notice shall state the date, hour and location of the meeting and all actions to be considered at the meeting), and each member shall be permitted to participate in any meeting by telephone or similar communications equipment in which each participant can hear and be heard. Any member of the Board may call a meeting of the Board. Any action may be taken by the Board without a meeting if authorized by the unanimous written consent of all of the members of the Board. Notice of a meeting need not be given to any member who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such member. No action may be taken at any meeting of the Board unless such action was specified in the notice of such meeting that was delivered to the members in accordance with this Section 4.7(e)(i).

(ii) A majority of the members of the Board (so long as at least one of the members nominated by the Purchaser is present) constituting the Board shall constitute a quorum for the transaction of business. Each member of the Board shall be entitled to cast one (1) vote. The majority vote of the members of the Board cast at any meeting at which there is a quorum present shall be the act of the Board. A majority of the members of the Board present may adjourn any meeting of the Board to another date, time or place, whether or not a quorum is present. If a meeting is adjourned pursuant to this Section 4.7(e)(ii) due to the absence of a quorum, such adjournment shall be for at least 24 hours. No notice need be given of any adjourned meeting, except (1) 24 hours' notice shall be given to each of the members of the Board not present at the adjourned meeting and (2) if the date, time or place of the adjourned meeting are not announced at the time of adjournment, the notice referred to in clause (1) above shall be given to each member of the Board, whether or not present at the adjourned meeting. The quorum provisions shall comply with any requirements of the Business Corporations Act of the Province of Alberta. The by-laws of the Company shall be amended, effective as of the Closing (the "**By-laws Amendment**"), to remove the provision that the Chairman of any meeting the Board of Directors casts the deciding vote in the event of a tie and any other provision indicated in writing by the Purchaser prior to Closing. If the By-Laws Amendment is not ratified by the shareholders at the First Meeting, then Bruce Howard shall become the Chairman of the Board until such time as the By-laws Amendment is ratified by the shareholders of the Company.



(iii) The notice and quorum provisions of this Section 4.7(e) shall apply equally to the board of directors (or other governing body) of any Subsidiary and to any committee of the Board and any Subsidiary thereof.

#### 4.8 Standstill.

(a) During the period commencing on the Closing Date and continuing until the one (1) year anniversary of the Closing Date, the Purchaser agrees not to (the "Standstill"):

(i) acquire or agree to acquire, or make any proposal or offer to acquire, directly or indirectly or in any manner, any securities of the Company, or direct or indirect rights or options to acquire securities or assets of the Company or any of its Subsidiaries (other than (x) through ordinary course market purchases which do not result in the Purchaser owning more than the Purchaser Share Cap Percentage, (y) in connection with the exercise of its rights in accordance with Section 4.5 of this Agreement or (z) as a result of the consummation of a User Friendly Take-Over Offer launched in accordance with Section 4.8(c));

(ii) solicit proxies from shareholders or other securityholders of the Company with respect to the voting of any of the Company's voting securities for the purpose of effecting any take-over bid, tender or exchange offer, amalgamation, merger, arrangement or other business combination involving the Company (other than (y) in connection with a User Friendly Take-Over Offer launched by the Purchaser in accordance with Section 4.8(c) or (z) with respect to the exercise of voting rights in a manner consistent with Section 4.7); or

(iii) solicit, initiate or engage in any discussions or negotiations, or enter into any agreement, commitment, or understanding, or otherwise act jointly or in concert with any person in order to propose or effect any take-over bid, tender or exchange offer, amalgamation, merger, arrangement or other business combination involving the Company (other than (y) in connection with a User Friendly Take-Over Offer launched by the Purchaser in accordance with Section 4.8(c) or (z) in connection with the exercise of any of the Purchaser's rights under Section 4.5).

(b) The Standstill shall not apply (i) to any User Friendly Take-Over Offer launched by the Purchaser in accordance with Section 4.8(c), (ii) following the occurrence of an Event of Default, (iii) to any exercise of the Purchaser's rights under Section 4.5 or (iv) to the exercise of voting rights in a manner consistent with Section 4.7.

(c) Notwithstanding Section 4.8(a) above, the Purchaser may submit a User Friendly Take-Over Offer prior to the expiration of the Standstill (i) in response to a Third Party Take-Over Offer or (ii) following the occurrence of an Event of Default. The Company shall promptly notify the Purchaser, in writing, upon receipt of any Third Party Take-Over Offer.

4.9 Compliance with Laws. The Company will comply in all material respects with all applicable laws, rules, regulations, orders and decrees of all Governmental Authorities.

4.10 Securities Laws Disclosure; Publicity. Except as set forth below, no public release or announcement concerning the transactions contemplated hereby shall be issued by the Company or the Purchaser without the prior consent of the other party (which consent shall not

be unreasonably withheld), except as such release or announcement may be required by law or the applicable rules or regulations of any securities exchange or securities market, in which case the Company or the Purchaser, as the case may be, shall allow the other party to the extent reasonably practicable in the circumstances, reasonable time to comment on such release or announcement in advance of such issuance. By 8:30 a.m. (New York City time) on the Trading Day immediately following the execution of his Agreement, the Company shall issue and file on SEDAR a press release disclosing the execution of this Agreement. By 8:30 a.m. (New York City time) on the Trading Day immediately following the Closing Date, the Company shall issue and file on SEDAR a press release disclosing the consummation of the transactions contemplated by this Agreement. Within 10 days of the execution of this Agreement, the Company will file on SEDAR a material change report in Form 51-102F3. In addition, the Company will make such other filings and notices in the manner and time required by the applicable Canadian Securities Authorities, the SEC, the Exchange and any other Governmental Authority.

4.11 Use of Proceeds. The Company shall use the proceeds from the sale of the Securities hereunder (i) for general working capital purposes and (ii) to pay certain expenses incurred in connection with the Transaction Documents and the transactions contemplated thereby, including the expenses and fees due and payable to the Purchaser.

4.12 No Impairment. At all times after the date hereof, the Company will not take or permit any action, or cause or permit any Subsidiary to take or permit any action that conflicts with, impairs or adversely affects the rights of the Purchaser under any Transaction Document.

4.13 Indemnification. If the Purchaser or any of its Affiliates or any officer, director, partner, member, controlling person, employee or agent of the Purchaser or any of its Affiliates (a "**Related Person**") becomes involved in any capacity in any Proceeding brought by or against any Person in connection with or as a result of the transactions contemplated by the Transaction Documents, the Company will indemnify and hold harmless the Purchaser or Related Person for its reasonable legal and other expenses (including the reasonable costs of any investigation, preparation and travel) and for any Losses incurred in connection therewith, as such expenses or Losses are incurred, excluding only Losses that result directly from the Purchaser's or Related Person's gross negligence or willful misconduct. In addition, the Company shall indemnify and hold harmless the Purchaser and Related Person from and against any and all Losses, as incurred, arising out of or relating to any misrepresentation or breach by the Company or any Subsidiary of any of the representations, warranties or covenants made by the Company or any Subsidiary in this Agreement or any other Transaction Document. The conduct of any Proceedings for which indemnification is available under this paragraph shall be governed by Section 6.5(c) below. The indemnification obligations of the Company under this paragraph shall be in addition to any liability that the Company or any Subsidiary may otherwise have and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Purchaser and any such Related Persons. If the Company or any Subsidiary breaches its obligations under any Transaction Document, then, in addition to any other liabilities the Company may have under any Transaction Document or applicable law, the Company shall pay or reimburse the Purchaser on demand for all costs of collection and enforcement (including reasonable attorneys fees and expenses). Without limiting the generality of the foregoing, the Company specifically agrees to reimburse the Purchaser on demand for all costs of enforcing the indemnification obligations in this paragraph.

4.14 Shareholders Rights Plan. No claim will be made or enforced by the Company or any other Person that the Purchaser is an "Acquiring Person" or any similar term under any shareholders rights plan or similar plan or arrangement in effect or hereafter adopted by the Company, or that the Purchaser could be deemed to trigger the provisions of any such plan or arrangement, by virtue of receiving Securities under the Transaction Documents or under any other agreement between the Company and the Purchaser. From and after the Closing, the Company may not adopt or implement a shareholders rights plan or similar plan without the prior written consent of the Purchaser.

4.15 No Solicitation or Negotiation. The Company agrees that from and after the date hereof until the earlier of the Closing Date or the termination of this Agreement in accordance with Section 5.3 hereof, neither the Company nor any of its Subsidiaries, Affiliates, officers, directors, representatives or agents (including its financial advisors) will: (1) solicit, initiate, consider, encourage or accept any other proposals or offers from any Person (i) relating to any debt or equity financing for the Company or any Subsidiary or (ii) relating to the acquisition or purchase of all or any portion of the share capital of the Company or assets of the Company (other than the Concurrent Equity Financing on the terms and conditions set forth in the Concurrent Equity Financing Purchase Agreement)(each of the events described in clauses (i) and (ii) an "**Alternative Transaction**"), or (2) participate in any discussions, conversations, negotiations or other communications regarding, or furnish to any other Person any information with respect to, or otherwise cooperate in any way, assist or participate in, facilitate or encourage any effort or attempt by any other Person to seek to do any Alternative Transaction. The Company shall immediately cease and cause to be terminated all existing discussions, conversations, negotiations and other communications with any Persons conducted heretofore with respect to any of the foregoing. The Company shall notify the Purchaser promptly if any such proposal or offer, or any inquiry or other contact with any Person with respect thereto, is made and shall, in any such notice to the Purchaser, indicate in reasonable detail the identity of the Person making such proposal, offer, inquiry or contact and the terms and conditions of such proposal, offer, inquiry or other contact.

4.16 Further Assurances. The Company agrees to, and to cause the Subsidiaries to, make, execute and deliver all such additional and further acts, things, deeds and instruments as the Purchaser may reasonably require to document and consummate the transactions contemplated hereby and to vest completely in and insure the Purchaser its rights under this Agreement and the other Transaction Documents.

4.17 Best Efforts. Each party shall use its best efforts timely to satisfy each of the covenants and the conditions to be satisfied by it as provided in Article V of this Agreement.

## ARTICLE V. CONDITIONS

5.1 Conditions Precedent to the Obligations of the Purchaser. The obligation of the Purchaser to acquire the Purchaser Common Shares at the Closing is subject to the satisfaction or waiver by the Purchaser, at or before the Closing, of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Company contained herein shall be true and correct in all material respects (except to the extent such representations and warranties are qualified as to materiality, in which case such representations and warranties shall be true and correct in all respects) as of the date when made and as of the Closing as though made on and as of such time;

(b) Performance. The Company shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by it at or prior to the Closing;

(c) No Injunction. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or Governmental Authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Transaction Documents;

(d) Adverse Changes. Since the date of execution of this Agreement, no event or series of events shall have occurred that has had or reasonably could be expected to have or result in, individually or in the aggregate, a Material Adverse Effect;

(e) No Suspensions of Trading in Common Shares; Listing. Trading in the Common Shares shall not have been suspended by any Canadian Securities Authority, any Trading Market (except for any suspensions of trading of not more than one Trading Day solely to permit dissemination of material information regarding the Company) or any other Governmental Authority having jurisdiction over the Company at any time since the date of execution of this Agreement, and the Common Shares shall have been at all times since such date listed for trading on the Exchange;

(f) Due Diligence. The Purchaser shall have satisfactorily completed its due diligence investigation of the Company, in its sole discretion;

(g) Good Standing Certificates. The Purchaser shall have received certificates, as of a recent date, of the Province of Alberta and each other jurisdiction where a Subsidiary is organized showing the Company and each Subsidiary, as applicable, to be validly existing in their respective jurisdictions of organization and in good standing;

(h) Reconstituted Board. Effective as of the Closing, the Board shall be reconstituted in the manner set forth in the second sentence of Section 4.7(d);

(i) Concurrent Equity Financing. The Concurrent Equity Financing, on the terms and conditions set forth in the Concurrent Equity Financing Purchase Agreement, shall be consummated concurrently with the Closing. The convertible promissory note issued by the Company to Stableview Asset Management, Inc. shall be converted into Common Shares as part of the Concurrent Financing;

(j) New Debenture Financing. The New Debenture Financing, on the terms and conditions set forth in the Debenture Purchase Agreement, shall be consummated concurrently with the Closing;

[Redacted: Commercially Sensitive Information]

(k) Required Approvals. Evidence, satisfactory to the Purchaser, of the receipt of the Required Approvals;

[Redacted:  
Commercially  
Sensitive  
Information]

(m) Principal Trading Market. The Principal Trading Market shall have confirmed that the Common Shares issued hereunder have been listed for trading and shall have otherwise approved the terms of the Private Placement contemplated hereby;

(n) Amendment to the By-Laws. The By-laws Amendment shall be effective as of the Closing; and

(o) Other Documents. All other Transaction Documents, opinions, certificates and other instruments and all Proceedings in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in form and substance to the Purchaser. The Purchaser shall have received copies of all other documents, opinions, certificates and instruments required to be delivered at the Closing pursuant to Section 2.3(a) hereof and all other documents, opinions, certificates and instruments reasonably requested thereby, with respect to the transactions contemplated by this Agreement and the other Transaction Documents in form and substance satisfactory to the Purchaser.

5.2 Conditions Precedent to the Obligations of the Company. The obligation of the Company to sell the Purchaser Common Shares to the Purchaser at the Closing is subject to the satisfaction or waiver by the Company, at or before the Closing, of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Purchaser contained herein shall be true and correct in all material respects (except to the extent such representations and warranties are qualified as to materiality, in which case such representations and warranties shall be true and correct in all respects) as of the date when made and as of the Closing as though made on and as of such date;

(b) Performance. The Purchaser shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by the Purchaser at or prior to the Closing;

(c) No Injunction. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or Governmental Authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Transaction Documents; and

(d) New Debenture Financing. The New Debenture Financing shall be consummated concurrently with the Closing.

5.3 Termination of Obligations to Effect Closing; Effects.

(a) The obligations of the Company, on the one hand, and the Purchaser, on the other hand, to effect the Closing shall terminate as follows:

(i) Upon the mutual written consent of the Company and the Purchaser;

(ii) By the Company if any of the conditions set forth in Section 5.2 shall have become incapable of fulfillment and shall not have been waived by the Company;

(iii) By the Purchaser if any of the conditions set forth in Section 5.1 shall have become incapable of fulfillment, and shall not have been waived by the Purchaser; or

(iv) By either the Company or the Purchaser if the Closing has not occurred on or prior to February 7, 2014;

provided, however, that, except in the case of clause (i) above, the party seeking to terminate its obligation to effect the Closing shall not then be in breach of any of its representations, warranties, covenants or agreements contained in this Agreement or the other Transaction Documents if such breach has resulted in the circumstances giving rise to such party's seeking to terminate its obligation to effect the Closing.

(b) Nothing in this Section 5.3 shall be deemed to release any party from any liability for any breach by such party of the terms and provisions of this Agreement or the other Transaction Documents or to impair the right of any party to compel specific performance by any other party of its obligations under this Agreement or the other Transaction Documents.

## ARTICLE VI. REGISTRATION RIGHTS

### 6.1 Demand Registration.

(a) At any time after the first anniversary of the Closing Date, the Purchaser may, from time to time, make a demand that the Company effect a public offering of all or part of its Registrable Securities in Canada or the United States pursuant to a Prospectus or a Registration Statement (the "**Demand Registration Request**"), which, at the request of the Purchaser, may take the form of an underwritten offering. Any Demand Registration Request shall be made by a notice in writing to the Company and shall specify the number and the class of Registrable Securities to be sold, the intended method of disposition, whether such offer and sale shall be made by an underwritten public offering and the jurisdiction(s) in which the filing is to be effected. The Company shall, subject to applicable Canadian or U.S. securities laws, use its reasonable best efforts to file one or more Prospectuses and/or Registration Statements, as applicable, together with all necessary related documentation, in order to permit the offer and sale or other disposition or distribution in Canada or in the United States, as applicable, of all or any portion of the Registrable Securities of the Purchaser in compliance with Canadian or U.S. securities laws, as applicable. The Company shall use its reasonable best efforts to cause, as soon as possible, (i) a receipt, or a Passport Decision Document, for each Prospectus required to be

filed under this Section 6.1(a), to be issued, or (ii) each Registration Statement required to be filed under this Section 6.1(a) to be declared effective under the U.S. Securities Act. In connection with any Registration Statement under the U.S. Securities Act, the Company shall request acceleration of such Registration Statement within five (5) Trading Days after receipt of such notice and request that it become effective on 4:00 p.m. New York City time on the Effective Date and file a prospectus supplement for any Registration Statement, whether or not required under Rule 424 (or otherwise), by 9:00 a.m. New York City time the day after the Effective Date. The Company shall not be obligated to effect more than an aggregate of four (4) Demand Registrations Requests under this Section 6.1(a) in respect of Registrable Securities. For greater certainty, a Demand Registration Request will not be considered as having been effected until a receipt has been issued by the Canadian Securities Authorities for a final Prospectus pursuant to which the Registrable Securities are to be sold or the Registration Statement pursuant to which the Registrable Securities are to be sold is declared effective, as applicable. However, if the Purchaser withdraws or does not pursue a request for a Demand Registration Request after the entering into of an enforceable bought deal letter or an underwriting agreement in connection with the distribution (provided that at such time the Company is in compliance in all material respects with its obligations under this Agreement), then such Demand Registration Request shall be deemed to have been effected.

(b) If any requested registration made pursuant to Section 6.1(a) hereof is for an underwritten offering and the lead managing underwriter of such offering advises the Company that, in its view, the number of securities requested to be included in such registration by the Purchaser exceeds the largest number (the "Sale Number") that can be sold in an orderly manner in such offering within a price range acceptable to the Purchaser, then the Purchaser may elect to withdraw its registration request or may reduce the number of Registrable Securities to be included in the Sale Number.

(c) The lead managing underwriter to be used in connection with such registration shall be selected by the Purchaser, subject to the prior written consent of the Company which shall not be unreasonably withheld, delayed or conditioned.

(d) The Company shall (together with Purchaser) enter into an underwriting agreement in customary form with the lead managing underwriter selected pursuant to Section 6.1(c) above.

6.2 Effectiveness of Demand Registration Request. Notwithstanding anything in this Agreement to the contrary, the Company shall not be obligated to effect or continue the effectiveness of a Demand Registration Request if the Board determines in good faith, by appropriate resolutions, that would be materially detrimental to the Company for such registration statement to either become effective or remain effective for as long as such registration statement would otherwise be required to remain effective, because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company or (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential. In no event, however, shall this right under Section 6.2 be exercised beyond the period during which (in the good faith determination of the Board) the failure to exercise such right would be

materially detrimental to the Company. The Company's rights under this Section 6.2 may be exercised for a period of no more than twenty (20) Trading Days at a time and not more than three (3) times in any twelve-month period. Immediately after the end of any suspension period under this Section 6.2, the Company shall take all necessary actions (including filing any required supplemental prospectus) to restore the effectiveness of the applicable Prospectus or Registration Statement and the ability of the Purchaser to publicly resell its Registrable Securities. Notwithstanding anything in this Agreement to the contrary, the Company shall not be obligated to effect a Demand Registration Request within ninety (90) days after the Effective Date of a previous Demand Registration Request or a previous piggyback registration request made under Section 6.7.

6.3 Registration Procedures. In connection with the Company's registration obligations under Section 6.1, the Company shall:

(a) Not less than three (3) Trading Days prior to the filing of a Prospectus or a Registration Statement, as applicable, furnish via email to the Purchaser copies of all such documents proposed to be filed, which documents (other than any document that is incorporated or deemed to be incorporated by reference therein) will be subject to the review of the Purchaser. The Company shall reflect in each such document when so filed with the applicable Canadian Securities Authorities or the SEC, as applicable, such comments regarding the Purchaser and the plan of distribution as the Purchaser may reasonably and promptly propose no later than two (2) Trading Days after the Purchaser has been so furnished with copies of such documents as aforesaid.

(b) (i) Subject to Section 6.2, prepare and file with the applicable Canadian Securities Authorities or the SEC, as applicable, such amendments, including post-effective amendments, to each Prospectus or Registration Statement used in connection therewith as may be necessary to keep such Prospectus or Registration Statement continuously effective, as to the applicable Registrable Securities until the date that all such Registrable Securities covered by such Registration Statement have been sold or can be sold publicly in Canada or the United States, as applicable (the "Effectiveness Period"), including under Rule 144 without volume limitations by the Purchaser, and prepare and file with the applicable Canadian Securities Authorities or the SEC, as applicable, any additional Prospectus or Registration Statement necessary to register for resale under Canadian or U.S. securities laws, as applicable, all of the Registrable Securities; (ii) in the case of a Registration Statement, cause the related prospectus to be amended or supplemented by any required prospectus supplement, and as so supplemented or amended to be filed pursuant to Rule 424; (iii) respond as promptly as reasonably possible to any comments received from the applicable Canadian Securities Authorities or the SEC, as applicable, with respect to any Prospectus or Registration Statement; and (iv) comply in all material respects with applicable Canadian and U.S. securities laws, including the provisions of the U.S. Securities Act and the Exchange Act, with respect to the disposition of all Registrable Securities covered by the Prospectus or Registration Statement, as applicable, during the applicable period in accordance with the intended methods of disposition by the Purchaser set forth in such Prospectus or Registration Statement.

(c) Notify the Purchaser as promptly as reasonably possible, and (if requested by the Purchaser) confirm such notice in writing no later than two (2) Trading Days thereafter, of



any of the following events: (i) the SEC notifies the Company whether there will be a “review” of any Registration Statement; (ii) the applicable Canadian Securities Authorities or the SEC, as applicable, comment in writing on any Prospectus or Registration Statement; (iii) the applicable Canadian Securities Authorities confirm that they have no further comments on any Prospectus; (iv) any Registration Statement or any post-effective amendment is declared effective (v) the applicable Canadian Securities Authorities, the SEC or any other Governmental Authority requests any amendment or supplement to any Prospectus or Registration Statement or requests additional information related thereto; (vi) the applicable Canadian Securities Authorities or the SEC issue any order suspending the effectiveness of any Prospectus or Registration Statement or initiates any Proceedings for that purpose; (vii) the Company receives notice of any suspension of the qualification (or exemption from qualification) of any Registrable Securities for sale in any jurisdiction, or the initiation or threat of any Proceeding for such purpose; or (viii) the financial statements included in any Prospectus or Registration Statement become ineligible for inclusion therein or any Prospectus or Registration Statement or other document contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) Use its commercially reasonable efforts to avoid the issuance of or, if issued, obtain the withdrawal of (i) any order suspending the effectiveness of any Prospectus or Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, as soon as possible.

(e) Promptly deliver to the Purchaser, without charge, as many copies of each Prospectus or Registration Statement, including all financial statements, schedules and exhibits thereto as the Purchaser may reasonably request after the filing of such documents with the applicable Canadian Securities Authorities or the SEC, as applicable. The Company hereby consents to the use of such Prospectus or Registration Statement and each amendment or supplement thereto by the Purchaser in connection with the offering and sale of the Registrable Securities covered by such Prospectus or Registration Statement and any amendment or supplement thereto to the extent permitted by Canadian or U.S. securities laws and regulations.

(f) (i) In the time and manner required by each Trading Market, prepare and file with such Trading Market an additional shares listing application covering all of the Registrable Securities; (ii) provide to the Purchaser evidence of such listing; and (iii) during the Effectiveness Period, maintain the listing of such Registrable Securities on each such Trading Market.

(g) Prior to any public offering of Registrable Securities, use its commercially reasonable efforts to register or qualify or cooperate with the Purchaser in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions within the United States as the Purchaser requests in writing, to keep each such registration or qualification (or exemption therefrom) effective for so long as required, but not to exceed the duration of the Effectiveness Period, and to do any and all other acts or things reasonably necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by a Registration Statement; provided, however, that the

Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

(h) Cooperate with the Purchaser to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to a Prospectus or Registration Statement, as applicable, which certificates shall be free, to the extent permitted by this Agreement and under law, of all restrictive legends, and to enable such certificates to be in such denominations and registered in such names as the Purchaser may reasonably request.

(i) Upon the occurrence of any event described in Section 6.3(c)(viii), as promptly as reasonably possible, prepare a supplement or amendment, including a post-effective amendment, to the Prospectus or Registration Statement, as applicable, or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, such Prospectus or Registration Statement does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) Cooperate with any reasonable due diligence investigation undertaken by the Purchaser in connection with the sale of Registrable Securities, including, without limitation, by making available documents and information; provided that the Company will not deliver or make available to the Purchaser material, nonpublic information unless the Purchaser requests in advance in writing to receive material, nonpublic information and agrees to keep such information confidential.

(k) Comply with all rules and regulations of the applicable Canadian Securities Authorities or the SEC that apply to the registration of Registrable Securities.

6.4 Registration Expenses. The Company shall pay all fees and expenses incident to the performance of or compliance with Section 6.1 of this Agreement by the Company, including without limitation (a) all registration and filing fees and expenses, including without limitation those related to filings with the applicable Canadian Securities Authorities, the SEC, any Trading Market and in connection with applicable provincial or state securities or Blue Sky laws, (b) printing expenses (including without limitation expenses of printing certificates for Registrable Securities), (c) messenger, telephone and delivery expenses, (d) fees and disbursements of counsel for the Company, (e) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement, (f) all listing fees to be paid by the Company to the Trading Market and (g) one counsel for the Purchaser.

#### 6.5 Indemnification

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless the Purchaser, the officers,

directors, partners, members, agents, brokers (including brokers who offer and sell Registrable Securities as principal as a result of a pledge or any failure to perform under a margin call of the Common Shares), investment advisors and employees of the Purchaser, each Person who controls the Purchaser (within the meaning of Section 15 of the U.S. Securities Act or Section 20 of the Exchange Act) and the officers, directors, partners, members, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all Losses, as incurred, arising out of or relating to any misrepresentation or untrue or alleged untrue statement of a material fact contained in any Prospectus or Registration Statement, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except to the extent, but only to the extent, that (i) such misrepresentation, untrue statements, alleged untrue statements, omissions or alleged omissions are based solely upon information regarding the Purchaser furnished in writing to the Company by the Purchaser expressly for use therein, or to the extent that such information relates to the Purchaser or the Purchaser's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by the Purchaser expressly for use in the Prospectus or Registration Statement, or (ii) in the case of an occurrence of an event of the type specified in Section 6.3(c)(vi)-(viii), the use by the Purchaser of an outdated or defective Prospectus or Registration Statement after the Company has notified the Purchaser in writing that the Prospectus or Registration Statement is outdated or defective and prior to the receipt by the Purchaser of the Advice contemplated in Section 6.6.

(b) Indemnification by the Purchaser. The Purchaser shall indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the U.S. Securities Act or Section 20 of the Exchange Act), and the directors, officers, agents or employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, arising solely out of any misrepresentation, untrue statement of a material fact contained in any Prospectus or Registration Statement, or arising solely out of any omission of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading to the extent, but only to the extent, that (i) such misrepresentation, untrue statement or omission is based solely upon information regarding the Purchaser furnished in writing to the Company by the Purchaser expressly for use in such Prospectus or Registration Statement, or to the extent that such information relates to the Purchaser or the Purchaser's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by the Purchaser expressly for use in the Prospectus or Registration Statement, or (ii) in the case of an occurrence of an event of the type specified in Section 6.3(c)(vi)-(viii), the use by the Purchaser of an outdated or defective Prospectus or Registration Statement after the Company has notified the Purchaser in writing that the Prospectus or Registration Statement is outdated or defective and prior to the receipt by the Purchaser of the Advice contemplated in Section 6.6. In no event shall the liability of the Purchaser hereunder be greater in amount than the dollar amount of the net proceeds received by the Purchaser upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an “**Indemnified Party**”), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the “**Indemnifying Party**”) in writing, and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have proximately and materially adversely prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (i) the Indemnifying Party has agreed in writing to pay such fees and expenses; or (ii) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (iii) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

All fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten (10) Trading Days of written notice thereof to the Indemnifying Party (regardless of whether it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder; provided, that the Indemnifying Party may require such Indemnified Party to undertake to reimburse all such fees and expenses to the extent it is finally judicially determined that such Indemnified Party is not entitled to indemnification hereunder).

(d) Contribution. If a claim for indemnification under Section 6.5(a) or (b) is unavailable to an Indemnified Party (by reason of public policy or otherwise), then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and

Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any misrepresentation, untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 6.5, any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 6.5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 6.5(d), the Purchaser shall not be required to contribute, in the aggregate, any amount in excess of the amount by which the net proceeds actually received by the Purchaser from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that the Purchaser has otherwise been required to pay by reason of such misrepresentation, untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the U.S. Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

6.6 Dispositions. The Purchaser agrees that it will comply with the prospectus delivery requirements of the Canadian and U.S. securities laws as applicable to it in connection with sales of Registrable Securities pursuant to any Prospectus or Registration Statement. The Purchaser further agrees that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Sections 6.2(c)(vi)-(viii), the Purchaser will discontinue disposition of such Registrable Securities under the Prospectus or Registration Statement until the Purchaser's receipt of the copies of the supplement or amendment to the Prospectus or Registration Statement contemplated by Section 6.3(j), or until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus or Registration Statement may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement. The Company may provide appropriate stop orders to enforce the provisions of this paragraph.

6.7 Piggyback Registrations. If at any time following the Closing Date there is not an effective Prospectus or Registration Statement covering all of the Registrable Securities and the Company shall determine to prepare and file with the applicable Canadian Securities Authorities or the SEC a Prospectus or Registration Statement relating to an offering for its own account or the account of others of any of its equity securities, other than equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in

connection with stock option or other employee benefit plans, then the Company shall send to the Purchaser written notice of such determination and if, within fifteen (15) days after receipt of such notice, the Purchaser shall so request in writing, the Company shall include in such Prospectus or Registration Statement all or any part of such Registrable Securities the Purchaser requests to be registered, subject to customary underwriter cutbacks applied on a pro rata basis to all holders of registration rights.

## ARTICLE VII. MISCELLANEOUS

7.1 Fees and Expenses. The parties hereto shall pay their own costs and expenses in connection herewith, except that the Company shall subject to the completion of the Private Placement, reimburse the Purchaser for all of its costs and expenses (including diligence, legal, accounting and other costs and expenses) incurred by the Purchaser in connection with its due diligence and the preparation and negotiation of the Term Sheet and the Transaction Documents. Such expenses shall be paid not later than the Closing, and the Purchaser may, if so directed by the Company, net the amount of such expenses from the Purchase Price. The Company shall reimburse the Purchaser on the completion of the Private Placement for all reasonable and documented out-of-pocket expenses incurred by the Purchaser, including without limitation reimbursement of reasonable and documented out-of-pocket attorneys' fees and disbursements, in connection with any amendment, modification or waiver of this Agreement or the other Transaction Documents or the enforcement of any of its rights hereunder or thereunder. In the event that Proceedings are commenced by any party to this Agreement against another party to this Agreement in connection with this Agreement or the other Transaction Documents, the party which does not prevail in such Proceedings shall pay the reasonable attorneys' fees and other reasonable out-of-pocket costs and expenses incurred by the prevailing party in such Proceedings. The Company shall pay all transfer agent fees, stamp taxes and other taxes and duties levied in connection with the issuance of the Purchaser Common Shares.

7.2 Entire Agreement. The Transaction Documents, together with the Exhibits and Schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters (including the Term Sheet), which the parties acknowledge have been merged into such documents, exhibits and schedules. At or after the Closing, and without further consideration, the Company will execute and deliver to the Purchaser such further documents as may be reasonably requested in order to give practical effect to the intention of the parties under the Transaction Documents.

7.3 Notices. Any and all notices or other communications or deliveries required or permitted to be provided under this Agreement or any other Transaction Document shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in this Section prior to 6:30 p.m. (New York City time) on a Trading Day, (ii) the Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in this Agreement later than 6:30 p.m. (New York City time) on any date and earlier than 11:59 p.m. (New York City time) on such date, (iii) the Trading Day following the date of mailing, if sent by nationally recognized overnight courier service, specifying next

business day delivery or (iv) upon actual receipt by the party to whom such notice is required to be given if delivered by hand. The address for such notices and communications shall be as follows:

If to the Company:

VoodooVox Inc.  
100 Consilium Place, Suite 200  
Toronto, ON M1H 3E3  
Canada  
Attn.:  
Fax:

With a copy to:

WeirFoulds LLP  
4100- 66 Wellington Street West  
PO Box 35, Toronto-Dominion Centre  
Toronto, Ontario, Canada M5K 1B7  
Attn.: [Redacted]  
Fax: [Redacted]

[Redacted:  
Personal  
Information]

If to Purchaser:

UFPB VoodooVox LLC  
c/o User Friendly Phone Book LLC  
10200 Grogan's Mill Road  
The Woodlands, Texas 77380  
Attn: [Redacted]  
Fax:

With a copy to:

Lowenstein Sandler LLP  
1251 Avenue of the Americas  
New York, NY 10020  
Attn.: [Redacted]  
Fax: [Redacted]

or such other address as may be designated in writing hereafter, in the same manner, by such Person by two (2) Trading Days' prior notice to the other party in accordance with this Section 7.3.

7.4 Amendments; Waivers. No provision of this Agreement may be waived or amended except in a written instrument signed, in the case of an amendment, by the Purchaser and the Company, or, in the case of a waiver, by the party who is the beneficiary of the provision being waived. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right.

7.5 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

7.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder, without the prior written consent of the Purchaser. The Purchaser may assign its rights under this Agreement to any Person to whom the Purchaser assigns or transfers any Securities, provided such transferee agrees in writing to be bound, with respect to the transferred Securities, by the provisions hereof and of the applicable Transaction Documents that apply to the "Purchaser."

7.7 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except that each Related Person is an intended third party beneficiary of Section 4.13 and each Indemnified Party is an intended third party beneficiary of Section 6.5 and (in each case) may enforce the provisions of such Sections directly against the parties with obligations thereunder.

7.8 Governing Law; Venue; Waiver of Jury Trial. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this agreement (whether brought against a party hereto or its respective affiliates, directors, officers, securityholders, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York, Borough of Manhattan. Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of this Agreement), and hereby irrevocably waives, and agrees not to assert in any Proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such Proceeding is improper. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such Proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any Proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

7.9 Survival. The representations, warranties, agreements and covenants contained herein shall survive the Closing and the delivery of the Securities, as applicable.



7.10 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature page were an original thereof.

7.11 Severability. If any provision of this Agreement is held to be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Agreement shall not in any way be affected or impaired thereby and the parties will attempt in good faith to agree upon a valid and enforceable provision that is a reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Agreement.

7.12 Rescission and Withdrawal Right. Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) the Transaction Documents, whenever the Purchaser exercises a right, election, demand or option under a Transaction Document and the Company does not timely perform its related obligations within the periods therein provided, then the Purchaser may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company, any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights.

7.13 Replacement of Securities. If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof, or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction and customary and reasonable indemnity, if requested. The applicants for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs associated with the issuance of such replacement Securities.

7.14 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Purchaser and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations described in the foregoing sentence and hereby agree that, in any action for specific performance of any such obligation, it shall not assert or shall waive the defense that a remedy at law would be adequate.

7.15 Payment Set Aside. To the extent that the Company makes a payment or payments to the Purchaser hereunder or under any other Transaction Document or the Purchaser enforces or exercises its rights hereunder or thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company by a trustee, receiver or any other person under any law (including, without limitation, any bankruptcy law, state or federal law,

common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

7.16 Adjustments in Share Numbers and Prices. In the event of any share split, subdivision, dividend or distribution payable in Common Shares, combination or other similar recapitalization or event occurring after the date hereof, each reference in this Agreement to a number of shares or a price per share shall be amended to appropriately account for such event.


7.17 Liquidated Damages. The Company's obligations to pay any partial liquidated damages or other amounts owing under the Transaction Documents is a continuing obligation of the Company and shall not terminate until all unpaid partial liquidated damages and other amounts have been paid notwithstanding the fact that the instrument or security pursuant to which such partial liquidated damages or other amounts are due and payable shall have been canceled.

7.18 Construction. The parties agree that each of them and/or their respective counsel has reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

VOODOOVOX INC.

[Redacted: Signatures]

By:   
Name: \_\_\_\_\_  
Title:

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK  
SIGNATURE PAGES OF PURCHASER FOLLOWS.]

PURCHASER:

UFPB VOODOOVOX LLC



[Redacted: Signatures]

By:

Name: BRUCE C. HOWARD

Title: CEO