

# ACQUISITION AGREEMENT

**THIS AGREEMENT** made effective as of the 2<sup>nd</sup> day of September, 2020

**AMONG:**

**AYLEN CAPITAL INC.,**  
a corporation incorporated under the laws of Canada

("Aylen")

- and -

**LOC8 CORP.,**  
a corporation incorporated under the laws of the Province of Ontario

("Loc8")

- and -

**2774951 ONTARIO LIMITED,**  
a corporation incorporated under the laws of the Province of Ontario

("Newco")

- and -

**JOHN PENNAL,**  
an individual resident in the City of Toronto, Ontario

("Pennal")

- and -

**GRAPEVINE ANALYTICS INC.,**  
a corporation incorporated under the laws of Canada

("Grapevine")

## RECITALS

- A. Aylen is a company listed on the Exchange under the symbol AYL; and
- B. Aylen has identified Loc8 as a target company with which to complete a Fundamental Change (as defined under the Policies of the Exchange) and wishes to acquire all of the issued and outstanding securities of Loc8 in exchange for securities of Aylen by way of an amalgamation between Loc8 and Newco, upon the terms and conditions herein set forth such that upon completion of the Amalgamation, the amalgamated corporation shall be a

wholly-owned subsidiary of Aylen.

## AGREEMENT

**THIS AGREEMENT WITNESSES** that in consideration of the covenants, agreements, warranties and payments herein set forth and provided for, the parties hereto respectively covenant and agree as set forth below.

### **ARTICLE 1** **INTERPRETATION**

#### **1.1 Definitions**

In this Agreement, including the recitals, unless otherwise stated or unless there is something in the subject matter or context inconsistent therewith:

- (a) "**Agreement**" means this agreement and includes any agreement amending this agreement or any agreement or instrument which is supplemental or ancillary thereof, and the expressions "above", "below", "herein", "hereto", "hereof" and similar expressions refer to this Agreement;
- (b) "**Amalco**" means the corporation resulting from the Amalgamation;
- (c) "**Amalgamation**" means the amalgamation of Loc8 and Newco pursuant to the Amalgamation Agreement;
- (d) "**Amalgamation Agreement**" means the amalgamation agreement to be entered into between Loc8 and Newco in the form attached hereto as Schedule "A";
- (e) "**Aylen**" means Aylen Capital Inc., a corporation incorporated under the *Canada Business Corporations Act*;
- (f) "**Aylen Assets**" means all of Aylen's right, title, estate and interest in and to its property and assets, real and personal, moveable and immoveable, of whatsoever nature and kind and wheresoever situate, including but without limitation, the assets as more particularly set forth and described in the Aylen Financial Statements, including the assets of the Grapevine business which were transferred to Grapevine on July 1, 2020;
- (g) "**Aylen Documents**" means all contracts, agreements, documents, permits, licenses, leases, appraisals, certificates, plans, drawings, specifications, reports, compilations, analysis, studies, financial statements, budgets, market surveys, minute books, corporate records, and any other documents or information of whatsoever nature relating to Aylen, the Aylen Assets or its business and any and all rights in relation thereto;

- (h) "**Aylen Financial Statements**" means the audited financial statements of Aylen for the years ended December 31, 2019, 2018 and 2017 and the unaudited interim financial statements for the period ended June 30, 2020;
- (i) "**Aylen Material Contracts**" means any contract, agreement (written or oral) commitment, indenture, or other instrument to which Aylen is bound and which is material to Aylen;
- (j) "**Aylen Option Plan**" means the stock option plan of Aylen;
- (k) "**Aylen Shares**" means the common shares of Aylen;
- (l) "**Business**" means the business of Loc8;
- (m) "**Business Permits**" means all licenses, permits and similar rights and privileges that are required and necessary under applicable legislation, regulations, rules and orders for Loc8 to own the Loc8 Assets and operate the Business;
- (n) "**Closing**" means the closing of the Amalgamation;
- (o) "**Closing Date**" means the day that the Amalgamation closes, which shall not be prior to the date upon which all regulatory approvals have been obtained for the transactions described herein, and including specifically the approval of the Exchange for the Amalgamation to be the Fundamental Change of Aylen and all conditions contained in this Agreement shall be met or waived;
- (p) "**Consolidation**" means the consolidation of the Aylen Shares on the basis of one (1) new share for every four (4) old shares, to be made effective prior to completion of the Fundamental Change;
- (q) "**Encumbrances**" means any charge, mortgage, lien, pledge, claim, embargo, security interest, legal or conventional, moveable or immovable, specific or floating, whether created or arising by agreement, statute or otherwise, attaching to property, interests or rights, and shall be construed in the widest possible terms and principles known under the law;
- (r) "**Exchange**" or "**CSE**" means the Canadian Securities Exchange;
- (s) "**Fundamental Change**" means the Amalgamation and the other transactions provided for herein;
- (t) "**Grapevine**" means Grapevine Analytics Inc., a wholly-owned subsidiary of Aylen incorporated under the *Canada Business Corporations Act*;
- (u) "**Grapevine Purchase and Sale Agreement**" means the agreement to be entered into prior to the Closing Date between Aylen and Pennal pursuant to which Aylen will agree to sell and Pennal will agree to purchase all the outstanding shares of Grapevine pursuant to the Grapevine Sale;

- (v) "**Grapevine Sale**" has the meaning provided in Section 2.1 hereto;
- (w) "**Governmental Authority**" means any government in Canada, or any foreign government and any agency, or department, tribunal, board, commission, court or other authority exercising or purporting to exercise executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government, as well as any arbitrator, arbitration tribunal or other tribunal or other quasi-governmental or private body exercising any regulatory, expropriation or taxation authority under or for the account of any of the foregoing;
- (x) "**Governmental Charges**" means all fees, levies and charges imposed by a Governmental Authority;
- (y) "**IFRS**" means International Financial Reporting Standards applicable as at the date on which date such calculation is made or required to be made in accordance with generally accepted accounting principles applied on a basis consistent with preceding years;
- (z) "**Intellectual Property Assets**" means all right, title and interest of Loc8 in and to any of the following:
  - (i) all trade secrets, confidential information and confidential know-how in which Loc8 now has or hereafter may have an interest, whether patented or unpatented, published or unpublished;
  - (ii) all trade-marks (both registered and unregistered), design marks, logos, indicia, trade names, domain names, registrations and applications that have been or shall be made or filed at any trade-marks or similar office in any jurisdiction, and all records thereof and reissues, extensions or renewals thereof, and all common law and other rights in the foregoing;
  - (iii) all patents and patent applications which Loc8 now owns or may hereafter own that have been or shall be made or filed in any patent or similar office of any jurisdiction; and
  - (iv) all copyrights that Loc8 now owns or may hereafter own, including all registrations and applications that have been or shall be made or filed in the copyright or similar office of any jurisdiction, and all common law and other rights in the foregoing;
- (aa) "**Listing Date**" means the date on which the Resulting Issuer Shares commence trading on the CSE;
- (bb) "**Listing Statement**" means the final filing statement of Aylen prepared in accordance with Policy 2.4 of the CSE;
- (cc) "**Loc8**" means Loc8 Corp., a corporation incorporated under the laws of the Province of Ontario;

- (dd) "**Loc8 Assets**" means all of the right, title, estate and interest Loc8 has in and to its property and assets, real and personal, moveable and immovable, of whatsoever nature and kind and wheresoever situate, including but without limitation, the assets as more particularly set forth and described in the Loc8 Financial Statements and the Intellectual Property Assets;
- (ee) "**Loc8 Documents**" means all contracts, agreements, documents, permits, licenses, leases, appraisals, certificates, plans, drawings, specifications, reports, compilations, analysis, studies, financial statements, budgets, market surveys, minute books, corporate records and any other documents or information of whatsoever nature relating to Loc8, the Business or the Loc8 Assets and any and all rights in relation thereto;
- (ff) "**Loc8 Financial Statements**" means the audited financial statements for the fiscal year ended June 30, 2020 which have been prepared in accordance with International Financial Reporting Standards, applied on a consistent basis throughout the periods involved;
- (gg) "**Loc8 Material Contracts**" means any contract, agreement (written or oral) commitment, indenture, or other instrument to which Loc8 is bound and which is material to the Business, including those entered into in the ordinary course of business, which could materially affect the Loc8 Assets, or Business or financial condition of Loc8;
- (hh) "**Loc8 Shareholders**" means the holders of Loc8 Shares and "**Loc8 Shareholder**" means any one of them;
- (ii) "**Loc8 Shares**" means all of the shares in the capital of Loc8 outstanding at the Time of Closing;
- (jj) "**Loc8 Subscription Receipts**" means the subscriptions receipts of Loc8 issued to the subscribers under the Private Placement, with each Subscription Receipt automatically converted into a Loc8 Share immediately prior to the completion of the Amalgamation;
- (kk) "**Name Change**" means the change of the name of Aylen to "DeepSpatial Inc." or such other name as identified by Loc8;
- (ll) "**Newco**" means 2774951 Ontario Limited;
- (mm) "**Orders**" means all material applicable orders, decisions, binding directives, or the like rendered by any Governmental Authority;
- (nn) "**Pennal**" means John Pennal;
- (oo) "**Person**" includes any individual, corporation, company, partnership, association or any individual;

- (pp) "**Private Placement**" means the private placement of Loc8 Subscription Receipts for minimum gross proceeds of a minimum of \$1,000,000 at an issue price of \$0.30 per Subscription Receipt;
- (qq) "**Resulting Issuer**" means Aylene upon completion of the Fundamental Change;
- (rr) "**Resulting Issuer Securities**" means the Resulting Issuer Shares and the •;
- (ss) "**Resulting Issuer Shares**" means the common shares of the Resulting Issuer;
- (tt) "**Share Exchange Ratio**" shall mean one (1) Aylene Share for each Loc8 Share;
- (uu) "**Subsidiary**" means any corporation, partnership or trust of which more than 50% of the outstanding shares or interests of any class carrying voting rights are beneficially owned, directly or indirectly by a Person; and
- (vv) "**Time of Closing**" means such time on the Closing Date as the parties hereto may agree.

## 1.2 Canadian Dollars

All dollar amounts referred to in this Agreement are in Canadian funds, unless otherwise indicated herein.

## 1.3 Extended Meanings

In this Agreement, words importing the singular number include the plural and vice versa; words importing the masculine gender include the feminine and neuter genders; and references to any statute shall extend to and include orders-in-council or regulations passed under and pursuant thereto, of any amendment or re-enactment of such statute, orders-in-council or regulations, or any statute, order-in-council or regulations substantially in replacement thereof.

## 1.4 Entire Agreement

This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties, including the letter agreement dated July 15, 2020, between Aylene and Loc8 and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein. No amendment, supplement, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the party to be bound thereby.

## 1.5 Headings

Section headings are not to be considered part of this Agreement and are included solely for convenience of reference and are not intended to be full or accurate descriptions of the contents thereof.

## **1.6 Successors and Assigns**

All of the terms and provisions in this Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and assigns.

## **ARTICLE 2 GRAPEVINE SALE; AMALGAMATION**

### **2.1 Grapevine Sale and Dividend**

As part of the Fundamental Change, prior to the Closing Date: :

- (a) Aylen shall dispose of Grapevine (the “Grapevine Sale”) by selling the shares of Grapevine to Pennal in the manner contemplated by the Grapevine Purchase and Sale Agreement pursuant to which Pennal will purchase Grapevine in exchange for cancellation of Pennal’s employment agreement with Aylen and the assumption of all liabilities related to the Grapevine business not sheltered by Aylen tax-loss carryforwards;
- (b) Aylen shall pay a dividend to all holders of Aylen Shares prior to completion of the Amalgamation, with such dividend to be equal to Aylen's unencumbered cash on the ex-dividend date; and
- (c) John Pennal shall indemnify Aylen for any taxes, losses and other liabilities arising from or related to the Grapevine

### **2.2 Finders Fees**

Loc8 shall issue an aggregate of 700,000 Loc8 Shares as finders fees as follows: (i) 500,000 Loc8 Shares to Richard Sutin; and, (ii) 200,000 Loc8 Shares to Greg Sullivan.

### **2.3 Consolidation and Name Change**

Prior to the Amalgamation, Aylen shall file articles of amendment to effect the Name Change and Consolidation.

### **2.4 Amalgamation**

Subject to the terms and conditions herein, on the Closing Date, Newco and Loc8 shall complete the Amalgamation pursuant to the terms of the Amalgamation Agreement. Without limiting the foregoing, on closing of the Amalgamation, pursuant to the terms of the Amalgamation Agreement, Aylen agrees to issue Aylen Shares to Loc8 Shareholders in exchange for the delivery to Aylen of all of the issued and outstanding Loc8 Shares, including the Loc8 Shares issued on the automatic conversion of the Loc8 Subscription Receipts. The aggregate number of Aylen Shares to be issued in exchange for the issued and outstanding Loc8 Shares shall be determined by multiplying the number of Loc8 Shares issued and outstanding at the time of Closing by the Share Exchange Ratio. No fractional Aylen Shares will be issued. To the extent any Loc8 Shareholder would otherwise be entitled to receive a fractional number of Aylen Shares on Closing of the

Amalgamation, the number of Aylen Shares to be issued to such Loc8 Shareholder shall be rounded to the nearest whole Aylen Share.

**ARTICLE 3**  
**REPRESENTATIONS, WARRANTIES AND COVENANTS OF LOC8**

**3.1 Representations, Warranties and Covenants of Loc8**

Loc8 hereby represents and warrants to Aylen as follows, and Loc8 confirms that Aylen is relying upon the accuracy of each of such representations and warranties in connection with the completion of the transactions hereunder:

- (a) **Incorporation:** Loc8 is incorporated, existing and in good standing under the *Business Corporations Act* (Ontario).
- (b) **Status, Constating Documents:** Loc8 has all necessary corporate power to own its assets and to carry on its businesses as it is now being conducted. The articles, by laws and other constating documents of Loc8 as made available to Aylen are complete and accurate.
- (c) **Authority and Binding Obligation:** Loc8 has good right, full corporate power and absolute authority to enter into this Agreement and to perform all of its obligations under this Agreement. Loc8, its board of directors and shareholders have taken all necessary or desirable actions, steps and corporate and other proceedings to approve or authorize, validly and effectively, the entering into, and the execution, delivery and performance of this Agreement.
- (d) **Corporate Records:** As of the date hereof, the corporate records and minute books of Loc8, are materially complete and accurate. The share certificate books, registered of security holders, register of transfers and register of directors and any similar corporate records of Loc8 are complete and accurate in all material respects.
- (e) **Authorized and Issued Capital:** As of the date hereof, the authorized capital of Loc8 consists of an unlimited number of common shares. The issued capital of Loc8 consists of 83,575,000 common shares, all of which have been duly issued and are outstanding as fully paid and non-assessable shares.
- (f) **No Options:** Other than Loc8 Subscription Receipts, Loc8 does not have any outstanding subscriptions, options, rights, warrants or other agreements or commitments obligating Loc8 to sell or issue any additional shares or securities of any class of Loc8 or any securities convertible into any shares of any class of Loc8.
- (g) **Subsidiaries and Other Interests:** Loc8 has no subsidiaries and does not own any securities issued by, or any equity or ownership interest in, any other Persons. Loc8 is not subject to any obligation to make any investment in or to provide funds by way of loan, capital contribution or otherwise to any Persons.

- (h) **Title to Loc8 Assets by Loc8:** Loc8 is the owner of and has good and marketable title to all of the Loc8 Assets, including, without limitation, all Loc8 Assets reflected in the Loc8 Financial Statements and all Loc8 Assets acquired by Loc8 after the date of the Loc8 Financial Statements.
- (i) **No Orders:** There are no outstanding material orders, notices or similar requirements relating to Loc8 or the Loc8 Assets issued by any federal, state, provincial or municipal authority including, without limitation, occupational health and safety authorities and to the knowledge of Loc8 there are no matters under discussion with any such authorities relating to orders, notices or similar requirements.
- (j) **Restrictions on Doing Business:** Loc8 is not a party to or bound by any agreement which would restrict or limit its right to carry on any business or activity or to solicit business from any Person or in any geographical area or otherwise to conduct its business as Loc8 may determine. Loc8 is not subject to any legislation or any judgment, order or requirement of any court or governmental authority which is not of general application to Persons carrying on a business similar to the business of Loc8 or the Business. To the knowledge of Loc8, there are no facts or circumstances which could materially adversely affect the ability of Loc8 to continue to operate the Business as presently conducted following the completion of the transactions contemplated by this Agreement.
- (k) **No Guarantees:** Loc8 is not a party to or bound by any agreement of guarantee, indemnification, assumption or endorsement or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any Persons.
- (l) **Loc8 Material Contracts:** Loc8 has provided or made available copies of all Loc8 Material Contracts to Aylen. Loc8 is not in default or breach of any Loc8 Material Contract.
- (m) **Partnerships or Joint Ventures:** Loc8 is not a partner or participant in any partnership, joint venture, profit-sharing arrangement or other association of any kind and is not party to any agreement under which Loc8 agrees to carry on any activity in such manner or by which Loc8 agrees to share any revenue or profit with any other Persons.
- (n) **Contractual and Regulatory Approvals:** Except those consents which will have been obtained on or before Closing and the approval of the Loc8 Shareholders necessary to complete the Amalgamation, Loc8 is under no obligation, contractual or otherwise, to request or obtain the consent of any Persons, and no permits, licenses, certifications, authorizations or approvals of, or notifications to, any federal, provincial, state, municipal or local government or governmental agency, board, commission or authority are required to be obtained by Loc8:
  - (i) in connection with the execution, delivery or performance by Loc8 of this Agreement or the completion of the Amalgamation;

- (ii) to avoid the loss of any permit, licence, certification or other authorization on or as a result of closing of the Amalgamation, or
  - (iii) in order that the authority of Loc8 to carry on the Business in the ordinary course and in the same manner as presently conducted remains in good standing and in full force and effect as of and following the closing of the Amalgamation.
- (o) **Transaction Compliance with Constatng Documents, Agreements and Laws:** The execution, delivery and performance of this Agreement and each of the other agreements contemplated or referred to herein by Loc8, and the completion of the transactions contemplated hereby, will not constitute or result in a violation or breach of or default under, or cause the acceleration of any obligations of Loc8 under:
- (i) any term or provision of any of the articles, by-laws or other constating documents of Loc8;
  - (ii) the terms of any agreement (written or oral), indenture, instrument or understanding or other obligation or restriction to which Loc8 is a party or by which it is bound; or
  - (iii) any term or provision of any of the Business Permits, Loc8 Material Contracts or any order of any court, governmental authority or regulatory body made against Loc8 or the Loc8 Assets or any law or regulation of any jurisdiction in which the Business is carried on which is applicable to Loc8 or the Loc8 Assets.
- (p) **Shareholders' Agreements:** To the best of the knowledge of Loc8, there are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the shares of Loc8.
- (q) **Materially Accurate:** All information, records and data furnished by Loc8 to Aylen, its representatives and counsel by Loc8 in connection with the negotiation of this Agreement and Aylen's due diligence review of Loc8 and the Business, were and are accurate in all material respects.
- (r) **Liabilities of Loc8:** There are no liabilities, contingent or otherwise, of Loc8 of any kind whatsoever, including, without limitation, any bonds, debentures, mortgages, promissory notes, loan agreements, inter-company debt, or liabilities for Governmental Charges and there is no basis for assertion against Loc8 of any liabilities of any kind, other than:
- (i) liabilities disclosed or reflected in or provided for in the Loc8 Financial Statements; and

- (ii) liabilities incurred since the date of the Loc8 Financial Statements which were incurred in the ordinary course or in connection with the completion of the Amalgamation.
- (s) **Bankruptcy and Insolvency Matters:** No action or proceeding has been commenced or filed by or against Loc8 or which seek or may lead to receivership, bankruptcy, a consumer proposal or any other similar proceeding in respect of Loc8, the adjustment, compromise or composition of claims against Loc8 or the appointment of a trustee, receiver, liquidator, custodian, or other similar officer for Loc8 of any portion of the Loc8 Assets. No such action or proceeding has been authorized or is being considered by or on behalf of Loc8 and no creditor or equity security holder of Loc8 has threatened to commence or advise that it may commence, any such action or proceeding. Loc8 has not made nor is considering making an assignment for the benefit of its creditors, and it has not requested nor is considering requesting a meeting of its creditors to seek a reduction, compromise, composition, or other accommodation with respect to its indebtedness.
- (t) **Financial Statements:**
- (i) The Loc8 Financial Statements have been prepared in accordance with IFRS and are true, correct and complete in all material respects and present fairly the financial condition of Loc8, on a consolidated basis, as of their respective dates; and
  - (ii) There has been no material adverse change in the financial condition of Loc8 since the date of the Loc8 Financial Statements.
  - (iii) Liabilities of Loc8: There are no material liabilities, contingent or otherwise, of Loc8 of any kind whatsoever, including, without limitation, any bonds, debentures, mortgages, promissory notes, loan agreements, inter-company debt, or liabilities for Governmental Charges and there is no basis for assertion against Loc8 of any liabilities of any kind, other than:
    - (A) liabilities disclosed or reflected in or provided for in the Loc8 Financial Statements or this Agreement; and
    - (B) liabilities incurred since the date of the Loc8 Financial Statements which were incurred in the ordinary course or in connection with the completion of the Amalgamation.
- (u) **Absence of Certain Changes or Events:** Since the date of the Loc8 Financial Statements and except for costs incurred and actions taken in connection with the Amalgamation or as otherwise disclosed in writing to Aylen, Loc8 has not:
- (i) incurred any obligation or liability, fixed or contingent, except normal trade or business obligations incurred in the ordinary course of the Business, none of which is materially adverse to Loc8;

- (ii) paid or satisfied any obligation or liability, fixed or contingent, except:
    - (A) current liabilities included in the Loc8 Financial Statements,
    - (B) current liabilities incurred since the date of the Loc8 Financial Statements in the ordinary course of the Business,
    - (C) re-scheduled payments pursuant to obligations under loan agreements or other contracts or commitments described in the Loc8 Financial Statements; and
    - (D) as specifically contemplated by this Agreement;
  - (iii) created any material Encumbrance upon any of its properties or the Loc8 Assets;
  - (iv) sold, assigned, transferred, leased or otherwise disposed of any of its material properties or the Loc8 Assets;
  - (v) purchased, leased or otherwise acquired any material properties or assets;
  - (vi) waived, cancelled or written-off any material rights, claims, accounts receivable, or amounts payable to Loc8;
  - (vii) entered into any transaction, contract, agreement or commitment, except in the ordinary course of the Business or as contemplated by this Agreement or in connection with the Private Placement;
  - (viii) made any material change with respect to any method of management, operation or accounting in respect of the Business;
  - (ix) suffered any damage, destruction or loss (whether or not covered by insurance) which has materially adversely affected or could materially adversely affect the Business or the condition of Loc8;
  - (x) increased any form of compensation or other benefits payable or to become payable to any of the employees of Loc8, except increases made in the ordinary course of the Business;
  - (xi) made a declaration of force majeure with respect to its Business; or
  - (xii) authorized, agreed or otherwise become committed to do any of the foregoing.
- (v) **Dividends and Distributions:** Since the date of the Loc8 Financial Statements, Loc8 has not declared or paid any dividend or made any other distribution on any of its shares of any class, or redeemed or purchased or otherwise acquired any of

its shares of any class, or reduced its authorized capital or issued capital, or agreed to any of the foregoing.

(w) **Tax Matters:**

- (i) Loc8 has duly and on a timely basis prepared and filed all tax returns and other documents required to be filed by them in respect of all Governmental Charges and such returns and documents are complete and correct and clearly and fairly represents the information and tax status of Loc8 for the relevant period.
- (ii) Loc8 has paid all Governmental Charges which are due and payable by it on or before the date hereof. Adequate provision was made in the Loc8 Financial Statements for all Governmental Charges for the periods covered by the Loc8 Financial Statements. Loc8 has no liability for Governmental Charges other than those provided for in the Loc8 Financial Statements and those arising in the ordinary course since the date of the Loc8 Financial Statements and for which adequate provisions have been made on the books of Loc8.
- (iii) All Governmental Charges, assessments, levies and source deductions, if any, which Loc8 is required by law to withhold or to collect, including, without limitation, unemployment insurance, employment benefits, pension plan payments and non-resident withholding tax, have been, to the best of its knowledge, duly withheld or collected, and paid over to the proper governmental authorities, or held by Loc8 or on behalf of it as required, and such withholdings and collections and all other payments due in connection therewith are duly reflected in the Loc8 Financial Statements to the date as of which they were prepared and since that date will be duly entered in the accounts of Loc8.
- (iv) There are no agreements, waivers or other arrangements providing for any extension of time with respect to the filing of any tax return or other document or the payment of any Governmental Charges by Loc8 or the period for any assessment or reassessment of Governmental Charges.
- (v) On or before the Closing Date, all returns of Loc8 for capital, excise, sales or use tax required to be filed by Loc8 before the Closing Date shall be fully prepared and filed before the Closing Date.

- (x) **Litigation:** There are no judgments unsatisfied, consent decrees or injunctions or embargos to which Loc8 is subject to or bound, and there are no actions, suits or proceedings, judicial or administrative (whether or not purportedly on behalf of Loc8) pending or, to the knowledge of Loc8, threatened, by or against or affecting Loc8, at law or in equity, or before or by any court or any federal, provincial, municipal, state or other governmental department, commission, board, bureau, agency or instrumentality which will or may have a material adverse effect upon

Loc8. To the knowledge of Loc8, there are no grounds on which any such action, suit or proceeding might be commenced with any reasonable likelihood of success, including, without limitation, on the basis of a breach of privacy legislation. Loc8 is not subject to any judgment, order, writ, injunction or decree of any court or government body which would prevent the discharge of the obligations arising pursuant to this Agreement or the consummation of the transactions herein contemplated.

- (y) **Listing Statement.** The Listing Statement, as and when filed on SEDAR, will contain disclosure of all facts relating to Loc8 as are required to be disclosed therein pursuant to the policies of the Exchange. All information about Loc8 in the Listing Statement will be true and correct.
- (z) **No Misrepresentation.** The covenants, representations and warranties of Loc8 contained in Section 3.1 hereof and elsewhere in this Agreement, and in any Certificate executed by Loc8 or other material delivered by Loc8 under this Agreement, do not contain any untrue statement of a material fact or, considered in the context in which presented, omit to state a material fact necessary in order to make the statements and information contained herein or therein not misleading.

#### **ARTICLE 4**

#### **REPRESENTATIONS, WARRANTIES AND COVENANTS OF AYLEN**

##### **4.1 Representations, Warranties and Covenants of Aylen**

Aylen hereby represents and warrants to Loc8 as follows, and Aylen confirms that Loc8 is relying upon the accuracy of each of such representations and warranties in connection with the completion of the transactions hereunder:

- (a) **Incorporation:** Aylen is incorporated, existing and in good standing under the *Canada Business Corporations Act*. Newco is incorporated, existing and in good standing under the *Business Corporations Act* (Ontario).
- (b) **Status, Constatng Documents:** Aylen has all necessary corporate power to own its assets and to carry on its businesses as it is now being conducted. The articles, by laws and other constating documents of each of Aylen and Newco as made available to Loc8 are complete and accurate.
- (c) **Authority and Binding Obligation:** Each of Aylen and Newco has good right, full corporate power and absolute authority to enter into this Agreement and to perform all of its obligations under this Agreement. Each of Aylen and Newco and their respective boards of directors have taken all necessary or desirable actions, steps and corporate and other proceedings to approve or authorize, validly and effectively, the entering into, and the execution, delivery and performance of this Agreement.
- (d) **Corporate Records:** As of the date hereof, the corporate records and minute books of Aylen and Newco, are materially complete and accurate. The share certificate

books, registered of security holders, register of transfers and register of directors and any similar corporate records of Aylen and Newco are complete and accurate in all material respects.

- (e) **Authorized and Issued Capital:** As of the date hereof, the authorized capital of Aylen consists of an unlimited number of common shares. The issued capital of Aylen consists of 16,856,632 common shares, all of which have been duly issued and are outstanding as fully paid and non-assessable shares. As of the date hereof, the authorized capital of Newco consists of an unlimited number of common shares. The issued capital of Newco consists of 1 common share which is legally and beneficially owned by Aylen and which has been duly issued and is outstanding as a fully paid and non- assessable share.
- (f) **No Options:** Neither of Aylen nor Newco has any outstanding subscriptions, options, rights, warrants or other agreements or commitments obligating Aylen or Newco to sell or issue any additional shares or securities of any class of Aylen or Newco or any securities convertible into any shares of any class of Aylen or Newco other than options to purchase up to 1,185,663 Aylen Shares at \$0.01 per Aylen Share and 600,000 Aylen Shares at \$0.02 per Aylen Share issued pursuant to the Aylen Option Plan.
- (g) **Subsidiaries and Other Interests:** Aylen has no subsidiaries other than Grapevine and Newco and does not own any securities issued by, or any equity or ownership interest in, any other Persons. Newco has no subsidiaries and does not own any securities issued by, or any equity or ownership interest in, any other Persons. Neither of Aylen nor Newco is subject to any obligation to make any investment in or to provide funds by way of loan, capital contribution or otherwise to any Persons.
- (h) **Title to Aylen Assets by Aylen:** Aylen is the owner of and has good and marketable title to all of the Aylen Assets, including, without limitation, all Aylen Assets reflected in the Aylen Financial Statements and all Aylen Assets acquired by Aylen after the date of the Aylen Financial Statements, including the assets of the Grapevine business which were transferred to Grapevine on July 1, 2020.
- (i) **No Orders:** There are no outstanding material orders, notices or similar requirements relating to Aylen, Newco or the Aylen Assets issued by any federal, state, provincial or municipal authority including, without limitation, occupational health and safety authorities and to the knowledge of Aylen there are no matters under discussion with any such authorities relating to orders, notices or similar requirements.
- (j) **Restrictions on Doing Business:** Aylen is not a party to or bound by any agreement which would restrict or limit its right to carry on any business or activity or to solicit business from any Person or in any geographical area or otherwise to conduct its business as Aylen may determine. Aylen is not subject to any legislation or any judgment, order or requirement of any court or governmental authority which is not of general application to Persons carrying on a business similar to the business of

Aylen or the Business. To the knowledge of Aylen, there are no facts or circumstances which could materially adversely affect the ability of Aylen to continue to operate the Business as presently conducted following the completion of the transactions contemplated by this Agreement.

- (k) **No Guarantees:** Aylen is not a party to or bound by any agreement of guarantee, indemnification, assumption or endorsement or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any Persons.
- (l) **Aylen Material Contracts:** Aylen has provided or made available copies of all Aylen Material Contracts to Loc8. Aylen is not in default or breach of any Aylen Material Contract.
- (m) **Newco:** Other than this Agreement, Newco is not party to any agreement or contract of any kind and has no assets or liabilities. Newco was incorporated for the sole purpose of executing this Agreement and completing the Amalgamation.
- (n) **Partnerships or Joint Ventures:** Aylen is not a partner or participant in any partnership, joint venture, profit-sharing arrangement or other association of any kind and is not party to any agreement under which Aylen agrees to carry on any activity in such manner or by which Aylen agrees to share any revenue or profit with any other Persons.
- (o) **Contractual and Regulatory Approvals:** Other than Exchange approval, Aylen is not under any obligation, contractual or otherwise, to request or obtain the consent of any Persons, and no permits, licenses, certifications, authorizations or approvals of, or notifications to, any federal, provincial, state, municipal or local government or governmental agency, board, commission or authority are required to be obtained by Aylen in connection with the execution, delivery or performance by Aylen of this Agreement or the completion of the Amalgamation.
- (p) **Transaction Compliance with Constatng Documents, Agreements and Laws:** The execution, delivery and performance of this Agreement and each of the other agreements contemplated or referred to herein by Aylen, and the completion of the transactions contemplated hereby, will not constitute or result in a violation or breach of or default under, or cause the acceleration of any obligations of Aylen under:
  - (i) any term or provision of any of the articles, by-laws or other constating documents of Aylen;
  - (ii) the terms of any agreement (written or oral), indenture, instrument or understanding or other obligation or restriction to which Aylen is a party or by which it is bound; or
  - (iii) subject to obtaining the regulatory consents from the Exchange, any term or provision of any of the Aylen Material Contracts or any order of any court,

Governmental Authority or regulatory body or any law or regulation to which Aylen is subject.

- (q) **Shareholders' Agreements:** To the best of the knowledge of Aylen, there are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the shares of Aylen.
- (r) **Materially Accurate:** All information, records and data furnished to Loc8 or its representatives and counsel pursuant to this Agreement, are accurate in all material respects.
- (s) **Aylen Financial Statements:**
  - (i) the Aylen Financial Statements have been prepared in accordance with IFRS, are true, correct and complete in all material respects and present fairly the financial condition of Aylen as of the respective dates thereof; and
  - (ii) there has been no material adverse change to the financial condition of Aylen since the date of the Aylen Financial Statements.
- (t) **Liabilities of Aylen:** There are no liabilities, contingent or otherwise, of Aylen of any kind whatsoever, including, without limitation, any bonds, debentures, mortgages, promissory notes, loan agreements, inter-company debt, or liabilities for Governmental Charges and there is no basis for assertion against Aylen of any liabilities of any kind, other than:
  - (i) liabilities disclosed or reflected in or provided for in the Aylen Financial Statements; and
  - (ii) liabilities incurred since the date of the Aylen Financial Statements which were incurred in the ordinary course or in connection with the completion of the Amalgamation.
- (u) **Bankruptcy and Insolvency Matters:** No action or proceeding has been commenced or filed by or against Aylen or which seek or may lead to receivership, bankruptcy, a consumer proposal or any other similar proceeding in respect of Aylen, the adjustment, compromise or composition of claims against Aylen or the appointment of a trustee, receiver, liquidator, custodian, or other similar officer for Aylen of any portion of the Aylen Assets. No such action or proceeding has been authorized or is being considered by or on behalf of Aylen and no creditor or equity security holder of Aylen has threatened to commence or advise that it may commence, any such action or proceeding. Aylen has not made nor is considering making an assignment for the benefit of its creditors, and it has not requested nor is considering requesting a meeting of its creditors to seek a reduction, compromise, composition, or other accommodation with respect to its indebtedness.

- (v) **Broker's Fees:** Aylen has not incurred any obligation or liability, contingent or otherwise for broker's or finder's fees in respect of the Fundamental Change except as otherwise provided for herein.
- (w) **Absence of Certain Changes or Events:** Other than in contemplation of the Amalgamation, since the date of the Aylen Financial Statements, Aylen has not:
  - (i) incurred any obligation or liability, fixed or contingent, except normal trade or business obligations incurred in the ordinary course none of which is materially adverse to Aylen;
  - (ii) paid or satisfied any obligation or liability, fixed or contingent, except:
    - (A) current liabilities included in the Aylen Financial Statements;
    - (B) current liabilities incurred since the date of the Aylen Financial Statements in the ordinary course, and
    - (C) re-scheduled payments pursuant to obligations under loan agreements or other contracts or commitments described in the Aylen Financial Statements;
  - (iii) created any Encumbrance upon any of the Aylen Assets;
  - (iv) other than the assets of the Grapevine business which were transferred to Grapevine on July 1, 2020, sold, assigned, transferred, leased or otherwise disposed of any of the Aylen Assets except in the ordinary course;
  - (v) purchased, leased or otherwise acquired any properties or assets;
  - (vi) waived, cancelled or written-off any material rights, claims, accounts receivable or any amounts payable to Aylen;
  - (vii) entered into any transaction, contract, agreement or commitment, except in the ordinary course, except for the creation of Newco as a wholly owned subsidiary;
  - (viii) suffered any extraordinary loss relating to the Aylen Assets;
  - (ix) made or incurred any material change in, or become aware of any event or condition which is likely to result in a material change in the condition of Aylen, or
  - (x) authorized, agreed or otherwise become committed to do any of the foregoing.
- (x) **Dividends and Distributions:** Aylen has never declared or paid any dividend or made any other distribution on any of its shares of any class, or redeemed or

purchased or otherwise acquired any of its shares of any class, or reduced its authorized capital or issued capital, or agreed to any of the foregoing.

(y) **Tax Matters:**

- (i) Aylen has duly and on a timely basis prepared and filed all tax returns and other documents required to be filed by them in respect of all Governmental Charges and such returns and documents are complete and correct and clearly and fairly represents the information and tax status of Aylen for the relevant period.
- (ii) Aylen has paid all Governmental Charges which are due and payable by it on or before the date hereof. Adequate provision was made in the Aylen Financial Statements for all Governmental Charges for the periods covered by the Aylen Financial Statements. Aylen has no liability for Governmental Charges other than those provided for in the Aylen Financial Statements and those arising in the ordinary course since the date of the Aylen Financial Statements and for which adequate provisions have been made on the books of Aylen.
- (iii) All Governmental Charges, assessments, levies and source deductions, if any, which Aylen is required by law to withhold or to collect, including, without limitation, unemployment insurance, employment benefits, pension plan payments and non-resident withholding tax, have been, to the best of its knowledge, duly withheld or collected, and paid over to the proper governmental authorities, or held by Aylen or on behalf of it as required, and such withholdings and collections and all other payments due in connection therewith are duly reflected in the Aylen Financial Statements to the date as of which they were prepared and since that date will be duly entered in the accounts of Aylen.
- (iv) There are no agreements, waivers or other arrangements providing for any extension of time with respect to the filing of any tax return or other document or the payment of any Governmental Charges by Aylen or the period for any assessment or reassessment of Governmental Charges.
- (v) On or before the Closing Date, all returns of Aylen for capital, excise, sales or use tax required to be filed by Aylen before the Closing Date shall be fully prepared and filed before the Closing Date.

- (z) **Litigation:** There are no judgments unsatisfied, consent decrees or injunctions or embargos to which Aylen is subject to or bound, and there are no actions, suits or proceedings, judicial or administrative (whether or not purportedly on behalf of Aylen) pending or, to the knowledge of Aylen, threatened, by or against or affecting it, at law or in equity, or before or by any court or any federal, provincial, municipal, state or other governmental department, commission, board, bureau, agency or instrumentality. To the knowledge of Aylen, there are no grounds on which any

such action, suit or proceeding might be commenced with any reasonable likelihood of success. Aylen is not subject to any judgment, order, writ, injunction or decree of any court or government body which would prevent the discharge of the obligations arising pursuant to this Agreement or the consummation of the transactions herein contemplated.

(aa) **Reporting Issuer Status:**

- (i) Aylen is a reporting issuer in all of the Provinces of Canada [needs to be checked] and no material change relating to Aylen has occurred with respect to which the requisite material change report has not been filed under applicable securities laws in such provinces and no such disclosure is currently on file with any securities commissions of such provinces on a confidential basis;
- (ii) All press releases, material change reports, financial statements and other documents filed by, or on behalf of, Aylen with the securities commissions of all of the Provinces of Canada were, at the respective dates of such filings, true and correct in all material respects and collectively provide disclosure of all material facts relating to Aylen required to be disclosed in accordance with applicable securities laws in such provinces and each such document did not contain any misrepresentation as of the respective dates of such filings;
- (iii) The outstanding Aylen Shares are listed for trading on the Exchange
- (iv) Except for a trading halt required by the Exchange for this transaction, there are no current orders ceasing or suspending trading in the securities of Aylen nor prohibiting the sale of such securities has been issued to Aylen or its directors, officers or promoters and, to the best of the knowledge of Aylen, no investigations or proceedings for such purposes are pending or threatened; and
- (v) Aylen is not in material default of any applicable securities legislation of the Provinces of Canada or of its listing agreement with the Exchange or any policies of the Exchange.

(bb) **Duly Authorized.** The Aylen Shares to be issued in exchange for Loc8 Shares in connection with the Amalgamation will be, at the Time of Closing, duly authorized, validly allotted and issued as fully paid, non-assessable shares in the share capital of Aylen and in compliance with applicable Canadian corporate and securities laws.

(cc) **Listing Statement.** The Listing Statement, as and when filed on SEDAR, will contain disclosure of all facts relating to Aylen as are required to be disclosed therein pursuant to the policies of the Exchange. All information about Aylen in the Listing Statement will be true and correct.

- (dd) **Special Meeting.** Aylen shall convene a special meeting of shareholders of Aylen as soon as possible to approve the following: (i) the Fundamental Change; (ii) the Consolidation; and (iii) the Name Change.
- (ee) **No Misrepresentation.** The covenants, representations and warranties of Aylen contained in Section 4.1 hereof and elsewhere in this Agreement, and in any Certificate executed by Aylen or other material delivered by Aylen under this Agreement, do not contain any untrue statement of a material fact or, considered in the context in which presented, omit to state a material fact necessary in order to make the statements and information contained herein or therein not misleading.

## **ARTICLE 5**

### **COMPLETION OF ACQUISITION**

#### **5.1 Mutual Conditions**

The obligation of each of Aylen, Newco and Loc8 to complete the transactions contemplated by this Agreement, is subject to the fulfillment of each of the following conditions precedent, unless waived in writing by Aylen, Newco or Loc8, as applicable:

- (a) **Private Placement.** Loc8 shall have completed the Private Placement.
- (b) **Approvals.** At the Time of Closing, there shall have been obtained the written consents or approvals, in form and substance satisfactory to each of Aylen, Newco and Loc8, acting reasonably, of any governmental or regulatory agency or Persons whose consent, waivers, forbearance or other approval to the transactions contemplated hereby is required (including pursuant to any contract), and all conditions imposed upon such consents, waivers, forbearance or other approvals shall have been satisfied, including without limitation, the Exchange;
- (c) **Listing of Securities.** The Resulting Issuer Shares issuable in connection with the Amalgamation, including but not limited to
  - (i) the Resulting Issuer Shares to be issued in exchange for Loc8 Shares; and
  - (ii) the Resulting Issuer Shares issuable on exercise of •
- (d) **No Prohibition at Law.** At the Time of Closing, no prohibition at law against the completion of the transactions contemplated by this Agreement shall be in existence;
- (e) **Closing.** The Closing shall occur on or prior to November 30, 2020 unless Loc8 and Aylen mutually agree in writing to a later date; and
- (f) **Escrow.** Any Person who will be a post-Closing shareholder of the Resulting Issuer which is required by the Exchange to sign an escrow agreement in accordance with the policies of the Exchange shall have signed and delivered such agreement.

## 5.2 Aylen's Conditions

The obligation of Aylen to complete the transactions contemplated by this Agreement, is subject to the fulfillment of each of the following conditions precedent, unless waived in writing by Aylen:

- (a) **Loc8's Representations, Warranties and Covenants.** At the Time of Closing, Loc8 shall have executed, delivered and performed all covenants on its part to be performed hereunder and all representations and warranties contained in Section 3.1 shall be true and correct at the Time of Closing, with the same effect as if made on and as of such date, and a certificate to that effect signed by a duly authorized officer of Loc8 shall have been delivered to Aylen as of the Time of Closing;
- (b) **No Material Change.** At the Time of Closing, there shall not have been any material adverse change in the condition (financial or otherwise), of the Loc8 Assets, liabilities, capitalization, or Business from that described in this Agreement and a Certificate to that effect signed by a duly authorized officer of Loc8 shall have been delivered to Aylen as of the Time of Closing;
- (c) **Corporate Proceedings.** At the Time of Closing, all necessary steps and corporate proceedings shall have been taken by Loc8, its board of directors and shareholders to permit the closing of the Amalgamation;
- (d) **Inspection of Financial Books and Records.** Until and including the Time of Closing, Loc8 shall make available to Aylen all material books, accounts, records and other financial and accounting data of Loc8 (including all available unaudited financial statements) in order to enable such representatives to make an examination of the same and shall cause the accountants of Loc8 to give all such material information concerning the affairs of same to such representatives as such representatives may reasonably request;
- (e) **Inspection of Non-Financial Books and Records.** Until and including the Time of Closing, Loc8 shall make available to Aylen all Loc8 Documents, minute books and other corporate records and all documents of title and related records and other material data of Loc8 in order to enable Aylen to make an examination of the same and without limiting the generality of the foregoing, including such technical and market information as Aylen considers appropriate;
- (f) **No Investigations.** At the Time of Closing, there shall be no inquiry or investigation (either formal or informal), in relation to Loc8 or any of their respective directors or officers, commenced or threatened by any officer or official of the Exchange, any Securities Commission, or any similar regulatory body having jurisdiction such that the outcome of such inquiry or investigation could have a material adverse effect on Loc8, Aylen or the Resulting Issuer upon Closing;
- (g) **Aylen Sale.** The Aylen Sale shall have been completed prior to the Time of Closing; and

- (h) **Closing Documents.** Loc8 shall have executed and delivered to Aylen all documents as Aylen may reasonably request for the purposes of completing the Amalgamation in accordance with the terms of this Agreement.

If any such conditions shall not be fulfilled or waived in writing by Aylen at or prior to the Time of Closing, Aylen may rescind this Agreement by written notice to Loc8 and, in such event, Aylen and Loc8 shall be released from all obligations hereunder.

### 5.3 Loc8's Conditions

The obligations of Loc8 to complete the transactions contemplated herein, are subject to the fulfillment of the following conditions precedent, unless waived in writing by Loc8:

- (a) **Aylen's Representations, Warranties and Covenants.** At the Time of Closing, Aylen shall have executed, delivered and performed all covenants on its part to be performed hereunder and all representations and warranties contained in Section 4.1 shall be true and correct at the Time of Closing, with the same effect as if made on and as of such date, and a certificate to that effect signed by a duly authorized officer of Aylen shall have been delivered to Loc8 as of the Time of Closing;
- (b) **No Material Change.** At the Time of Closing, there shall not have been any material adverse change in the condition (financial or otherwise), of the Aylen Assets, liabilities or capitalization from that described in this Agreement and a Certificate to that effect signed by a duly authorized officer of Aylen shall have been delivered to Loc8 as of the Time of Closing;
- (c) **Corporate Proceedings.** At the Time of Closing, all necessary steps and corporate proceedings, as approved by Loc8, shall have been taken to permit the Resulting Issuer Securities to be duly and regularly issued by the Resulting Issuer as contemplated in this Agreement;
- (d) **Inspection of Financial Books and Records.** Until and including the Time of Closing, Aylen shall make available to Loc8 all material books, accounts, records and other financial and accounting data of Aylen and Newco (including all available unaudited financial statements) in order to enable such representatives to make an examination of the same and shall cause the accountants of Aylen to give all such material information concerning the affairs of same to such representatives as such representatives may reasonably request;
- (e) **Inspection of Non-Financial Books and Records.** Until and including the Time of Closing, Aylen shall make available to Loc8 all Aylen and Newco documents, minute books and other corporate records and all documents of title and related records and other material data of Aylen and Newco in order to enable Loc8 to make an examination of the same;
- (f) **No Investigations.** At the Time of Closing, there shall be no inquiry or investigation (either formal or informal), in relation to Aylen, Newco or any of their directors or officers, commenced or threatened by any officer or official of the

Exchange, any Securities Commission, or any similar regulatory body having jurisdiction such that the outcome of such inquiry or investigation could have a material adverse effect on Aylen or Newco;

- (g) **Closing Documents.** Aylen and Newco shall have executed and delivered to Loc8 all documents as Loc8 may reasonably request for the purposes of completing the Amalgamation in accordance with the terms of this Agreement.
- (h) **Name Change and Consolidation.** Aylen shall have filed articles of amendment implementing the Name Change and Consolidation;
- (i) **Resignation and Appointment of Officers and Directors.** Aylen shall have delivered:
  - (i) resignation by of all current officers of Aylen to take effect on Closing; and
  - (ii) resignation of all current directors of Aylen to take effect on Closing;

which resignations shall be staged in such a manner that new directors as directed by Loc8 can be appointed by the remaining board members to fill each vacancy and the board members of Aylen shall have signed such resolutions as may be necessary to give effect to this reorganization of the Aylen board on Closing; and

- (j) John Pennal shall provide a release from any amounts owing under the employment agreement between Aylen and John Pennal or under any applicable employment laws.

If any such conditions shall not be fulfilled or waived in writing by Loc8 at or prior to the Time of Closing, Loc8 may rescind this Agreement by written notice to Aylen and, in such event, Aylen and Loc8 shall be released from all obligations hereunder.

## **ARTICLE 6**

### **INTERIM OPERATIONS**

#### **6.1 Loc8 Carrying on Business to Closing**

- (a) Up to the Time of Closing, Loc8 shall (1) carry on the Business in the normal and ordinary course; (2) preserve the ongoing goodwill of Loc8; and (3) ensure that key employees, if any, and key independent contractors continue their association with Loc8 and Loc8 undertakes to notify Aylen of any event or occurrence during such period which might reasonably be considered to have a materially adverse effect on the Loc8 Assets or the Business.
- (b) Unless otherwise contemplated herein or approved by Aylen in writing, which approval shall not be unreasonably withheld, during the period from the date hereof until the earlier of the Closing Date or termination of this Agreement, Loc8 shall not:

- (i) purchase, cancel, retire, redeem or otherwise acquire any outstanding securities, rights, options, warrants or other securities of Loc8 other than as contemplated herein;
  - (ii) change, amend or modify the charter documents or by-laws of Loc8;
  - (iii) merge or amalgamate with or agree to merge or amalgamate with, or purchase substantially all of the assets of, or otherwise acquire any business; or sell or lease or agree to sell or lease, any material properties or assets or approve or undertake any other material transaction or furnish or cause to be furnished any information concerning the business, properties or assets of any Persons (other than to Aylen) which is interested in any such transactions;
  - (iv) except as required by law, not to initiate, propose, assist or participate in any activities in opposition to or in competition with this Agreement, and without limiting the generality of the foregoing, to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Amalgamation and not to take actions of any kind which may reduce the likelihood of success of the Amalgamation; or
  - (v) do anything that would cause any of the representations and warranties of Loc8 contained in this Agreement to be false or misleading.
- (c) Loc8 shall provide to Aylen upon request such information as may be necessary for Aylen to include in the Listing Statement or to satisfy any other requirements of the Exchange or applicable securities laws.

## **6.2 Cooperation**

Aylen and Loc8 shall use their best efforts to assist and cooperate in obtaining all necessary consents, assignments, waivers, amendments or terminations to any instruments or take such other measures as may be appropriate to fulfill their obligations and carry out the transactions contemplated hereunder.

## **ARTICLE 7 TERMINATION AND WAIVER**

### **7.1 Termination**

- (a) The parties hereto may terminate this Agreement at any time prior to Closing upon written agreement of all the parties. In addition, this agreement shall terminate automatically if the Amalgamation is not closed by 5:00pm (Toronto time) on November 30, 2020 or such later date as Aylen and Loc8 may agree upon in writing.
- (b) If, at any time prior to Closing, any representation and warranty, or covenant (which by its terms must be complied with or fulfilled at such time), made or given by Loc8 in this Agreement is not, in the case of a representation and warranty true and

correct with the same force and effect as if given at and of such time, and, in the case of a covenant, is not being complied with or fulfilled in all material respects and if such representation and warranty or covenant is not made true and correct or complied with or fulfilled in all material respects by action of Loc8 within 20 days of Loc8 receiving notice to that effect from Aylen, then Aylen, at the expiry of such period, by giving notice to Loc8, may terminate this Agreement and its obligations hereunder.

- (c) If, at any time prior to Closing, any representation and warranty, or covenant (which by its terms must be complied with or fulfilled at such time), made or given by Aylen in this Agreement is not, in the case of a representation and warranty true and correct with the same force and effect as if given at and of such time, and, in the case of a covenant, is not being complied with or fulfilled in all material respects and if such representation and warranty or covenant is not made true and correct or complied with or fulfilled in all material respects by action of Aylen within 20 days of Aylen receiving notice to that effect from Loc8, then Loc8, at the expiry of such period, by giving notice to Aylen, may terminate this Agreement and its obligations hereunder.
- (d) If this Agreement is terminated, this Agreement will forthwith have no further force or effect and there will be no obligation on the part of Loc8 or Aylen hereunder.
- (e) Nothing in this Section 7.1 will relieve any party from liability for any breach of this Agreement.

## **7.2 Amendment**

This Agreement may be amended by mutual agreement between the parties hereto. This Agreement may not be amended except by an instrument in writing signed by the appropriate officers on behalf of each of the parties hereto.

## **7.3 Waiver**

Either of Aylen or Loc8 may:

- (a) extend the time for the performance of any of the obligations or other acts of the other;
- (b) waive compliance with any of the other's agreement or the fulfilment of any conditions to its own obligations contained herein; or
- (c) waive inaccuracies in any of the other's representations or warranties contained herein or in any document delivered by the other party hereto;

provided, however, that any such extension or waiver will be valid only if set forth in an instrument in writing signed on behalf of such party.

**ARTICLE 8**  
**INDEMNIFICATION**

**8.1** Pennal and Grapevine shall be liable to, and as a separate and independent covenant shall indemnify Aylen, Newco and Loc8 (as indemnified parties) against all losses, including any taxes, arising out of the transfer of Grapevine and its business from Aylen to Pennal.

**ARTICLE 9**  
**GENERAL**

**9.1 Expenses**

Each party hereto shall pay all reasonable costs and expenses related to the legal and audit fees and other charges and expenses incurred by such party in connection with the preparation of this Agreement, all negotiations between the parties and the completion of the transactions contemplated hereby.

**9.2 Time of the Essence**

Time shall be of the essence of this Agreement.

**9.3 Governing Law**

This Agreement shall be construed in accordance with the laws of the Province of Ontario.

**9.4 Counterparts and Delivery**

This Agreement may be executed in several counterparts and delivered by a facsimile copy of an original execution page bearing the signature of each party hereto, each of which when so executed shall be deemed to be an original, and such counterparts or facsimile copies thereof together shall comprise one and the same instrument and, notwithstanding their date of execution, shall be deemed to bear the date as of the date above written.

**9.5 Notices**

Any notice required or permitted to be given by a party hereto to the other shall be given in writing and addressed:

(a) if to Aylen at:

Aylen Capital Inc.  
Suite 2502, Scotia Plaza  
Toronto, Ontario  
M5H 3Y2  
Attention: John Pennal

(b) if to Loc8 at:

Loc8 Corp.  
77 King Street West, Suite 3000  
Toronto, Ontario  
M5K 1G8  
Attention: Rahul Kushwah

Any such notice shall be delivered by hand or by prepared courier or mailed by prepaid registered post. Any notice delivered as aforesaid shall be deemed to have been received by the party hereto to which it is so delivered at the time on the date of its being so delivered. Any notice mailed as aforesaid shall be deemed to have been received by the party hereto to which it is so mailed on the fifth business day next following the time on the date of it being so mailed. Any party may change its address for notice by giving notice to that effect.

## **9.6 Enurement**

This Agreement shall enure to the benefit of the parties, their respective heirs, successors and permitted assigns.

## **9.7 Further Assurances**

The parties hereto will from time to time, on and after the Closing Date, at the request and expense of the other parties hereto, execute and deliver all such other additional instruments, notices, releases, acquaintances and other documents and shall do all such other acts and things as may be reasonably necessary to carry out the terms and conditions of this Agreement in accordance with their true intent.

## **9.8 Public Announcement**

- (a) No news release or public announcement with respect the subject matter of this Agreement shall be made by either party, without the prior approval of the other parties.
- (b) Notwithstanding the foregoing, the parties may disclose any information required to be disclosed to any federal, provincial, state or local government or governmental agency or regulatory body, branch, board, agency or necessary to comply with applicable law.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date and year first above written.

**AYLEN CAPITAL INC.**

**LOC8 CORP.**

Per:

Per:

*“John Pennal”*

*“Rahul Kushwah”*

Name: John Pennal

Name: Rahul Kushwah

Title: CEO

Title: CEO

**2774951 ONTARIO LIMITED**

Per: *“John Pennal”*

Name: John Pennal

Title: Director

*“Alexandra Pennal”*

*“John Pennal”*

Witness

**JOHN PENNAL**

**SCHEDULE "A"**  
**AMALGAMATION AGREEMENT**

**THIS AMALGAMATION AGREEMENT** is made as of the ► day of ►, 2020 by and among Aylen Capital Inc. ("**Aylen**"), 2774951 Ontario Limited ("**Newco**") and Loc8 Corp. ("**Loc8**").

**WHEREAS** Newco and Loc8 are each incorporated under the OBCA (as hereinafter defined);

**AND WHEREAS** Newco is a wholly owned subsidiary of Aylen;

**AND WHEREAS** Newco and Loc8 propose to amalgamate and continue as one corporation pursuant to the OBCA upon the terms and subject to the conditions hereinafter set out; and

**NOW THEREFORE THIS AGREEMENT WITNESSES THAT**, in consideration of the mutual covenants and agreements hereinafter set out, the parties hereto covenant and agree as follows:

**1. Definitions.**

In this Agreement, including the recitals hereto, the following words and expressions shall have the respective meanings ascribed to them below:

"**Aylen Option Plan**" means the stock option plan of Aylen;

"**Aylen Shares**" means the common shares in the capital of Aylen;

"**Acquisition Agreement**" means the Acquisition Agreement dated September 2nd, 2020 between the parties hereto;

"**Agreement**" means this agreement as the same may be amended, modified or supplemented from time to time;

"**Amalco Shares**" means the common shares in the capital of the Amalgamated Corporation;

"**Amalgamated Corporation**" means the corporation resulting from the Amalgamation;

"**Amalgamation**" means the amalgamation of Newco and Loc8 contemplated by this Agreement;

"**Business Day**" means a day which is not a Saturday, Sunday or a statutory holiday in the Province of Ontario or the City of Toronto;

"**Certificate of Amalgamation**" means the articles of amalgamation endorsed with a certificate by the Director in respect of the Amalgamation;

"**Director**" means the Director appointed under Section 278 of the OBCA;

"**Effective Date**" means the date of the Certificate of Amalgamation;

"**Exchange**" means the CSE;

"**Fundamental Change**" means the Amalgamation and the other transactions provided for herein;

"**Loc8 Shares**" means all of the shares in the capital of Loc8 outstanding at the Time of Closing;

"**Loc8 Subscription Receipts**" means the subscriptions receipts of Loc8 issued to the subscribers under the Private Placement, with each Subscription Receipt automatically converted into a Loc8 Share immediately prior to the completion of the Amalgamation;

"**Meeting**" means the meeting of shareholders of Loc8 held on \_\_\_\_, 2020 to, among other things, consider and approve the Amalgamation;

"**Newco Shares**" means the common shares in the capital of Newco;

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended;

"**Private Placement**" means the private placement of Loc8 Subscription Receipts for minimum gross proceeds of a minimum of \$1,000,000 at an issue price of \$0.30 per Subscription Receipt;

"**Registrar and Transfer Agent**" means Computershare Trust Company of Canada, and any other Person which may be appointed as registrar and transfer agent of Aylen as applicable, from time to time;

"**Resulting Issuer**" means Aylen as it exists upon completion of the Amalgamation to be known as "DeepSpatial Inc.", or such other name determined by the board of directors of the Resulting Issuer;

"**Resulting Issuer Securities**" means the Resulting Issuer Shares;

"**Resulting Issuer Shares**" means the common shares of the Resulting Issuer including those issued upon the Amalgamation;

"**Share Exchange Ratio**" means one (1) Aylen common share for each Loc8 Share;

"**U.S. Person**" means a U.S. person as defined in Rule 902(k) of Regulation S under the U.S. Securities Act; and

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

## **2. Amalgamation.**

Newco and Loc8 hereby agree to amalgamate and continue as one corporation under the provisions of the OBCA on the date first above written upon the terms and subject to the conditions hereinafter set out.

## **3. Name.**

The name of the Amalgamated Corporation shall be "DeepSpatial (Ontario) Inc.."

**4. Registered Office.**

The registered office of the Amalgamated Corporation shall be located at 77 King Street West, Suite 3000, Toronto, Ontario, M5K 1G8.

**5. Authorized Capital.**

The authorized capital of the Amalgamated Corporation shall consist of an unlimited number of Amalco Common Shares. The rights, privileges, restrictions and conditions attaching to the Amalco Shares are set forth in Schedule 1 to this Agreement.

**6. Restrictions on Shares.**

There are no restrictions on the issue, transfer or ownership of Amalco Shares set out in the Certificate of Amalgamation.

**7. Directors.**

The board of directors of the Amalgamated Corporation shall consist of a minimum of one director and a maximum of ten directors. The number of directors of the Amalgamated Corporation and the number of directors to be elected at the annual meeting of the shareholders of the Amalgamated Corporation or by the signing of a resolution in lieu thereof, until changed in accordance with the OBCA, shall be two (2).

**8. First Directors.**

The name and address of each of the first directors of the Amalgamated Corporation shall be as follows:

Name	Address
Rahul Kushwah	[to be inserted]
Sheldon Kales	[to be inserted]

Each of the said first directors shall hold office until the first annual meeting of the shareholders of the Amalgamated Corporation, or until a successor is elected or appointed. The subsequent directors shall be elected in accordance with the provisions of the OBCA. The affairs and business of the Amalgamated Corporation shall be under the management of the board of directors of the Amalgamated Corporation from time to time, subject to the provisions of the OBCA.

**9. Business.**

There shall be no restrictions on the business which the Amalgamated Corporation is authorized to carry on or on the powers which the Amalgamated Corporation may exercise.

## **10. Entitlements on Amalgamation.**

Upon the terms and subject to the conditions set forth herein, at the time of the Amalgamation,

- (a) Resulting Issuer Shares shall be issued to Loc8 Shareholders in exchange for the delivery to Aylen of all of the issued and outstanding Loc8 Shares, including the Loc8 Shares to be issued on conversion of the Loc8 Subscription Receipts (except for Loc8 Shares held by holders that have validly exercised their dissent rights in connection with the Meeting). The aggregate number of Resulting Issuer Shares to be issued in exchange for the issued and outstanding Loc8 Shares shall be determined by multiplying the number of Loc8 Shares issued and outstanding at the time of Closing by the Share Exchange Ratio. No fractional Resulting Issuer Shares will be issued. To the extent any Loc8 Shareholder would otherwise be entitled to receive a fractional number of Resulting Issuer Shares on Closing of the Amalgamation, the number of Resulting Issuer Shares to be issued to such Loc8 Shareholder shall be rounded to the nearest whole Resulting Issuer Share; and
- (b) each issued and outstanding Newco Share will be converted into one (1) Amalco Common Share and each Newco Share will be cancelled without reimbursement of the capital in respect thereof.

Loc8 Shares held by holders who have validly exercised their dissent rights in connection with the applicable shareholder resolution to approve the Amalgamation in accordance with the OBCA will not be exchanged pursuant to this Section 10. However, if any such dissenting holder fails to perfect or effectively withdraws its claim pursuant to the OBCA or forfeits its right to make a claim under the OBCA or if its rights as a shareholder of Loc8 are otherwise reinstated, the Loc8 Shares held by such holders shall thereupon be deemed to have been exchanged as of the time of the Amalgamation in accordance with this Section.

## **11. Certificates**

At the time of Amalgamation:

- (a) the registered holders of Loc8 Shares shall cease to be holders Loc8 Shares, and shall be deemed to be registered holders of Resulting Issuer Shares to which they are entitled in accordance with Section 10 hereof, all certificates evidencing Loc8 Shares shall be null and void, and on or after the effective time of the Amalgamation, subject to the provisions of any escrow requirement, if applicable, the Resulting Issuer shall provide instructions to the Resulting Issuer Registrar and Transfer Agent to deliver such certificates or other evidence of ownership representing the number of Resulting Issuer Shares to which they are so entitled and/or register the holders thereof and
- (b) notwithstanding the foregoing, all certificates representing Loc8 Shares held by persons who have validly exercised their dissent rights in connection with the Meeting shall represent only the right to receive fair value of the Loc8 Shares formerly represented by such certificates in accordance with the OBCA.

**12. Stated Capital.**

The stated capital in respect of the Amalco Common Shares will be equal to the aggregate stated capital of the Newco Shares and the Loc8 Shares immediately prior to the Amalgamation.

**13. By-laws.**

The by-laws of Loc8 shall be the by-laws of the Amalgamated Corporation with such amendments thereto as may be necessary to give effect to this Agreement until repealed, amended, altered or added to.

**14. Articles of Amalgamation.**

Upon the shareholders of Loc8 and the shareholder of Newco approving, by special resolution, the Amalgamation, this Agreement and any variations thereof, and provided that the conditions to the completion of the Amalgamation specified herein and in the Acquisition Agreement have then been satisfied or waived, Newco and Loc8 shall jointly file, in duplicate, with the Director, articles of amalgamation in prescribed form providing for the Amalgamation and such other documents as may be required pursuant to the OBCA.

**15. Amendment.**

This Agreement may at any time and from time to time before or after the holding of the Meeting be amended by written agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of their respective shareholders and any such amendment may, without limitation, change the time for performance of any of the obligations or acts of the parties hereto or waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the parties hereto; provided that no such amendment shall change the provisions hereof regarding the consideration to be received by shareholders of Loc8 in exchange for their Loc8 Shares without approval by the Loc8 shareholders given in the same manner as required for the approval of the Amalgamation.

**16. Termination.**

Subject to the terms of the Acquisition Agreement, this Agreement may be terminated by a resolution passed by the directors of Newco, Aylen or Loc8 at any time before the issue of the Certificate of Amalgamation, notwithstanding the approval of this Agreement by the shareholders of either or both of Newco and Loc8. If this Agreement is terminated pursuant to this section, this Agreement shall forthwith become void and of no further force and effect.

**17. Further Assurances.**

Each of the parties hereto agrees to execute and deliver such further instruments and to do such further reasonable acts and things as may be necessary or appropriate to carry out the intent of this Agreement.

**18. Time of Essence.**

Time shall be of the essence of this Agreement.

**19. Binding Effect.**

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their successors and assigns.

**20. Assignment.**

No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other parties.

**21. Governing Law.**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement by their duly authorized officers as of the day and year first above written.

**2774951 ONTARIO LIMITED**

Per: \_\_\_\_\_

Name: ▶

Title: ▶

*I have authority to bind the Corporation*

**AYLEN CAPITAL INC.**

Per: \_\_\_\_\_

Name: ▶

Title: ▶

*I have authority to bind the Corporation*

**LOC8 CORP.**

Per: \_\_\_\_\_

Name: ▶

Title: ▶

*I have authority to bind the Corporation*

## **Schedule 1**

The Common Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

### **1. Voting**

The holders of the Common Shares shall be entitled to receive notice of and to attend and shall be entitled to one (1) vote at any meeting of the shareholders of the Corporation for each Common Share held.

### **2. Dividends**

The holders of the Common Shares shall be entitled to receive dividends as and when the directors shall in their discretion declare dividends on the Common Shares and pay the same.

### **3. Dissolution**

The holders of the Common Shares shall be entitled to receive the remaining property of the Corporation in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs.