

**Share Exchange Agreement**

By and Among

Carl Capital Corp.

Extend to Social Media Inc.

And

The Shareholders of Extend to Social Media Inc.

May 30, 2014

## Share Exchange Agreement

THIS SHARE EXCHANGE AGREEMENT (the "**Agreement**") is entered into as of May 30, 2014 by and among Carl Capital Corp., a British Columbia corporation (the "**Purchaser**"), Extend to Social Media Inc., a British Columbia corporation ("**ETS**") and the shareholders of all of the issued and outstanding shares in the capital of ETS (the "**Vendors**").

### Recitals

Whereas

- A. The boards of directors of the Purchaser and ETS have determined that it is in the best interests of the companies and their respective shareholders to consummate the acquisition of ETS by the Purchaser by way of a share exchange (the "**Acquisition**"), with ETS becoming a wholly-owned subsidiary of the Purchaser.

### Agreement

NOW, THEREFORE, the Parties hereby agree as follows:

### Article 1 Definitions and Interpretation

#### 1.1 Definitions.

In this Agreement, the following terms have the meanings ascribed thereto as follows:

- (a) "**Acquisition**" means the acquisition by the Purchaser of 100% of the issued and outstanding share capital of ETS;
- (b) "**Affiliate**" has the meaning specified in the BCBCA;
- (c) "**Agreement**" means this share exchange agreement, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof;
- (d) "**BCBCA**" means the *Business Corporations Act* (British Columbia);
- (e) "**Business Day**" means any day, other than a Saturday, Sunday or statutory holiday in Vancouver, British Columbia, Canada;
- (f) "**Claims**" means any suit, action, dispute, civil or criminal litigation, claim, arbitration or legal, administrative or other proceeding or governmental investigation, including appeals and applications for review;
- (g) "**Closing**" means the completion of the Acquisition;
- (h) "**Closing Date**" means the date of Closing as set out in Article 12 hereto;
- (i) "**Disclosure Exceptions**" means the exceptions to the representations and warranties of each Party, as stated in Article 3, Article 4 and Article 5, such Disclosure Exceptions to be provided in writing as contemplated by Section 6.1;

- (j) **"Eligible Holder"** has the meaning given to the term in in the *Income Tax Act* (Canada);
- (k) **"ETS"** means Extend to Social Media Inc., a company incorporated under the laws of British Columbia, Canada, which has developed a customer referral rewards software that specifically targets social media networks;
- (l) **"ETS Assets"** means the property and assets of ETS as a going concern, of every kind and description and wheresoever situated;
- (m) **"ETS Information"** has the meaning given to the term in Section 9.1(c);
- (n) **"ETS Shares"** means 10,000 Class A Common Voting Shares of ETS that are issued and outstanding, as more particularly described in s. 4.1(d);
- (o) **"Governmental Entity"** means any government, parliament, legislature, regulatory authority, governmental department, agency, commission, board, tribunal, crown corporation, court or other law, rule or regulation-making entity having jurisdiction or exercising executive, legislative, judicial, regulatory or administrative powers on behalf of any federation or nation, or any province, territory, state or other subdivision thereof or any municipality, district or other subdivision thereof;
- (p) **"Governmental Order"** means any order, writ, ruling, judgment, injunction, decree, stipulation, determination, award, directive or citation entered into by or with any Governmental Entity;
- (q) **"Indemnified Party"** has the meaning given to the term in Section 10.1;
- (r) **"Indemnifying Party"** has the meaning given to the term in Section 10.1;
- (s) **"Intellectual Property"** means all (i) trademarks, service marks, trade names and other indications of origin including all goodwill associated with all of the foregoing, and all applications, registrations and renewals in connection with all of the foregoing, in any jurisdiction; (ii) inventions, discoveries and ideas (whether patentable or unpatentable and whether or not reduced to practice), and all patents, applications for patents; (iii) trade secrets, know-how, confidential information, and other proprietary rights and information; (iv) copyrights and works of authorship, whether copyrightable or not, and all applications, registrations and renewals in connection therewith, in any jurisdiction; (v) Internet domain names; (vi) computer technology, equipment, devices, systems, hardware, software and databases; and (vii) other similar intellectual property or proprietary rights;
- (t) **"Laws"** means all statutes, codes, ordinance, regulations, statutory rules, published policies, published guidelines and terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, and the term "applicable" with respect to such Laws, and in the context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Governmental Entity having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities (all references herein to a specific statute being deemed to include all applicable rules, regulations, rulings, orders and forms made or promulgated under such statute and the published policies and published guidelines of the Governmental Entity administering such statute) and shall include the published rules and policies of the Exchange;

(u) "**Lien**" means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature or any other arrangement or condition, which, in substance, secures payment, or performance of an obligation;

(v) "**Material Adverse Effect**" means, when used in connection with the Purchaser or ETS, as applicable, any event, condition or change which individually or in the aggregate constitutes, or could reasonably be expected to have, a material adverse effect on their respective business assets, liabilities, condition (financial or otherwise) or results of operations taken as a whole on a consolidated basis; provided, however, that the determination of whether a material adverse effect has occurred shall be made ignoring any event, change, fact or effect resulting from: (i) any change in generally accepted accounting principles in Canada as in effect from time to time, consistently applied or Laws or interpretation thereof; (ii) any generally applicable change or development in economic, regulatory, business or financial market conditions; (iii) any acts of terrorism or war; (iv) the execution or announcement of this Agreement; (v) in respect of the Purchaser, any breach of this Agreement by ETS or the Vendor; and (vi) in respect of ETS, any breach of this Agreement by the Purchaser;

(w) "**Material Contracts**" means all contracts or other obligations or rights, including all amendments, modifications and supplements thereto, to which a Party is a party or by which any of their respective properties or assets are bound that are material to the business, properties or assets of a Party, taken as a whole;

(x) "**material fact**" has the meaning ascribed thereto in the Securities Act;

(y) "**misrepresentation**" has the meaning ascribed thereto in the Securities Act;

(z) "**Party**" means a party to this Agreement and "Parties" means all parties to this Agreement;

(aa) "**Permitted Liens**" means Liens for current Taxes or other governmental charges not yet due and payable or delinquent, the amount or validity of which is being contested in good faith by appropriate proceedings or which may thereafter be paid without penalty or such imperfections of title, easements, encumbrances and mortgages or other Liens, if any, as are not material (alone or in the aggregate) in character, amount or extent and do not materially detract from the value, or materially interfere with the present use, of any property subject thereto or affected thereby;

(bb) "**Person**" means and includes an individual, firm, sole proprietorship, partnership, joint venture, venture capital or hedge fund, association, unincorporated association, unincorporated syndicate, unincorporated organization, estate, group, trust, body corporate (including a limited liability company and an unlimited liability company), a trustee, executor, administrator or other legal representative, Governmental Entity, syndicate or other entity, whether or not having legal status;

(cc) "**Purchaser**" means Carl Capital Corp., a British Columbia company;

(dd) "**Purchaser Assets**" means the property and assets of the Purchaser as a going concern, of every kind and description and wheresoever situated;

- (ee) "**Purchaser Information**" has the meaning given to the term in Section 7.1(c);
- (ff) "**Purchaser Shares**" means the common shares in the capital of the Purchaser;
- (gg) "**Securities Act**" means the *Securities Act* (British Columbia) and all Instruments, Blanket Rulings, Policy Statements, Orders, Rules and Notices of the British Columbia Securities Commission;
- (hh) "**Securities Authorities**" means the Exchange and any applicable securities commissions or similar regulatory authorities in Canada and each of the provinces and territories thereof;
- (ii) "**Taxes**" means all present and future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Entity in the nature of a tax, including any interest, additions to tax and penalties applicable thereto;
- (jj) "**Vendors**" mean the shareholders of Extend to Social Media Inc.

#### 1.2 Interpretation.

For the purposes of this Agreement, except as otherwise expressly provided:

- (a) a reference to an Article, Section or Schedule is a reference to an Article, Section or Schedule of this Agreement;
- (b) the word "including", when following any general statement or term, is not to be construed as limiting the general statement or term to the specific items or matters set forth or to similar items or matters, but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its broadest possible scope;
- (c) in the event that any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day;
- (d) a reference to a statute includes all regulations made thereunder, all amendments to the statute or regulation in force from time to time, and every statute or regulation that supplements or supersedes such statute or regulation;
- (e) words importing the masculine gender include the feminine or neuter, words in the singular include the plural, a word importing a corporate entity includes an individual, and vice versa; and,
- (f) all dollar amounts, unless otherwise specified, are in Canadian dollars.

## **Article 2 Share Exchange**

### 2.1 Purchase and Sale.

Subject to the terms and conditions hereof and based upon the mutual representations, warranties, terms and conditions herein contained and the prior satisfaction or waiver of the conditions precedent, which are set forth in Article 11, the Vendors agree to assign, sell and transfer to the Purchaser on the Closing Date of all of his right, title and interest in and to its ETS Shares described in Schedule "A" and the Purchaser agrees to purchase all of the ETS Shares from the Vendors.

### 2.2 Purchase Consideration.

The purchase price for the ETS Shares will be paid by the Purchaser on the Closing Date by the issuance to the Vendors an aggregate of 4,200,000 fully-paid and non-assessable Purchaser Shares as set out in Schedule "A".

### 2.3 Surrender of Share Certificates.

The Vendors shall at the Closing surrender the certificate or certificates representing the ETS Shares held by the Vendors to the Purchaser duly endorsed for transfer to the Purchaser, and the Vendors in return shall be entitled to receive certificates representing a total of 4,200,000 a Purchaser Shares.

## **Article 3 Representations and Warranties of the Purchaser**

### 3.1 Representations and Warranties of the Purchaser.

The Purchaser hereby represents and warrants to ETS and the Vendors as follows and acknowledges that ETS and the Vendors are relying on such representations and warranties in connection with the transactions contemplated hereby:

(a) **Incorporation, Organization and Authority of the Purchaser.** The Purchaser is a corporation duly incorporated, organized and validly subsisting and, with respect to the filing of annual reports, in good standing under the laws of the Province of British Columbia, and has all the requisite corporate capacity and authority to enter into this Agreement and to perform its obligations hereunder and to carry on its business and to own, lease and operate the Purchaser Assets.

(b) **Necessary Proceedings.** All necessary and required corporate measures, proceedings and actions of the directors and shareholders of the Purchaser have been taken to authorize and enable the Purchaser to enter into and deliver this Agreement and to perform its obligations hereunder and thereunder and to issue each of the Purchaser Shares issuable in connection with the Acquisition.

(c) **Valid and Binding Obligation.** This Agreement has been duly executed and delivered by the Purchaser and constitutes, or when duly executed and delivered will constitute, legal, valid and binding obligations of the Purchaser, enforceable against it in accordance with their respective terms subject only to: (i) any limitation under applicable Laws relating to bankruptcy,

insolvency, moratorium, reorganization and other similar Laws relating to or affecting the enforcement of creditors' rights generally; and (ii) the fact that equitable remedies, including the remedies of specific performance and injunction, may only be granted in the discretion of a court.

(d) **Share Capital of the Purchaser.** The authorized capital of the Purchaser consists of an unlimited number of Common Shares without par value and without special rights or restrictions attached, and an unlimited number of Preferred A Shares without par value and without special rights or restrictions attached.

(e) **Title to Purchaser Assets.** Other than the Permitted Liens or as disclosed in writing to ETS, the Purchaser has good and marketable title to the Purchaser Assets free and clear of any actual, pending or, to the knowledge or belief of the Purchaser, threatened Claims, Liens or set-offs whatsoever, including without limitation any action, proceeding or investigation affecting title to the Purchaser Assets, at law or in equity, before any court, administrative agency or Governmental Entity, to all of the Purchaser Assets and to any properties, except those sold in the ordinary course of business during such period, save and except in any case which would not have a Material Adverse Effect. The Purchaser has not granted or entered into any agreement, option, understanding or commitment or any encumbrance of or disposal of the Purchaser Assets or an interest therein or any right or privilege capable of becoming an agreement or option with respect to the Purchaser Assets and will not do so prior to the Closing Date, save and except in any case which would not have a Material Adverse Effect.

(f) **Pre-emptive Rights.** No Persons, other than pursuant to the terms hereof, have any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option for the purchase, subscription or issuance of any Purchaser Shares or other securities of the Purchaser or securities convertible into, exchangeable for, or which carry the right to purchase Purchaser Shares or other securities of the Purchaser, in preference to other Persons.

(g) **Reporting Issuer.** The Purchaser is not a reporting issuer. The Purchaser is in compliance and up to date with all filings under applicable corporate and securities rules and regulations.

(h) **Business of the Purchaser.** The Purchaser has conducted and is conducting its business in all material respects in full compliance with all applicable Laws, rules and regulations of each jurisdiction in which its business is carried on and holds all necessary licenses, permits, approvals, consents, certificates, registrations and authorizations, whether governmental, regulatory or otherwise, to enable its business to be carried on as it is currently conducted and its property and assets to be owned, leased and operated, and the same are validly existing and in good standing and none of such licenses, permits, approvals, consents, certificates, registrations and authorizations contains any burdensome term, provision, condition or limitation, save and except in any case which would not have a Materially Adverse Effect.

(i) **Indebtedness.** The Purchaser has no bonds, debentures, mortgages, promissory notes or other indebtedness maturing more than one year after the date of their original creation or issuance, and the Purchaser is not under any obligation to create or issue any bonds, debentures, mortgages, promissory notes or other indebtedness maturing more than one year after the date of their original creation or issuance.

(j) **Guarantees.** The Purchaser is not a party to, or bound by, any agreement of guarantee,

indemnification, assumption or endorsement or any like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other Person.

(k) **Tax Matters.** The Purchaser is not in arrears or in default in respect of the filing of any required federal, provincial or municipal tax or other tax return; and (i) all taxes, filing fees and other assessments due and payable or collectible from the Purchaser shall have been paid or collected prior to the Closing Date, (ii) no claim for additional taxes, filing fees or other amounts and assessments due and payable or collectible from the Purchaser has been made which has not been collected, and (iii) to the best of the knowledge of the Purchaser, no such return contains any misstatement or conceals any statement that should have been included therein.

(l) **Absence of Other Agreements.** The Purchaser: (i) is not a party to any Material Contract; (ii) is not a party to, nor operates any bonus, pension, profit sharing, deferred compensation, retirement, hospitalization insurance, medical insurance or similar plan or practice, formal and informal, in effect with respect to any employees of the Purchaser; (iii) is not bound by any agreement whether written or oral with any employee of the Purchaser providing for a specified period of notice of termination nor providing for any fixed term of employment; and has now and as of the Closing Date will have no employees who cannot be dismissed upon such notice as applicable Law may permit; (iv) is not bound by any outstanding contract or commitment which requires prior approval of any change of control of the Purchaser; and (v) is not bound by any outstanding contract or commitment except those entered into in the ordinary course of business and is not in default under any Material Contract by which it is bound or under which it is entitled to the benefits of and advantages thereof, save and except in any case which would not have a Material Adverse Effect.

(m) **Good Standing of Agreements.** The Purchaser is not in default or breach of any of its obligations under any one or more contracts, agreements (written or oral), commitments, indentures or other instruments to which it is a party or by which it is bound save and except in any case which would not have a Material Adverse Effect and there exists no state of facts which, to the best of the knowledge of the Purchaser, after notice or lapse of time or both, would constitute such a default or breach. All such contracts, agreements, commitments, indentures and other instruments have been duly authorized, executed and delivered and are now in good standing and in full force and effect without amendment thereto, the Purchaser is entitled to all benefits thereunder and, to the best of the knowledge of the Purchaser, the other Parties to such contracts, agreements, commitments, indentures and other instruments are not in default or breach of any of their obligations thereunder save and except in any case which would not have a Material Adverse Effect.

(n) **The Purchaser's Corporate Records.** The corporate records and minute books of the Purchaser contain substantially complete and accurate minutes of all meetings of the directors and shareholders of the Purchaser held since its incorporation, and signed copies of all resolutions and articles duly passed or confirmed by the directors or shareholders of the Purchaser other than at a meeting, all such meetings having been duly called and held. The share certificate books, register of security holders, register of transfers and register of directors and any similar corporate records of the Purchaser are complete and accurate. All eligible security transfer tax or similar tax payable in connection with the transfer of any securities of the Purchaser has been paid.

(o) **No Breach Caused by this Agreement.** The execution, delivery and performance by the Purchaser of its obligations under this Agreement and the consummation of the transactions contemplated hereby do not and will not (i) contravene, conflict with or result in a violation or

breach of any provision of any applicable Laws or any license, approval, consent or authorization held by the Purchaser, (ii) require any notice or consent or other action by any Person, contravene, conflict with, violate, breach or constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default, under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which the Purchaser is entitled under, or give rise to any rights of first refusal or trigger any change in control provisions or any restriction under, any provision of any Material Contract or other instrument binding upon the Purchaser or affecting any of its assets, or (iii) result in the creation or imposition of any Lien on any asset of the Purchaser, with such exceptions, in the case of each of clauses (ii) and (iii), as do not have or would not have, or be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect. The Purchaser has complied with all licenses, franchises, leases, permits, approvals and agreements to which the Purchaser is a party or by which the Purchaser is bound, the breach of which would reasonably have a Material Adverse Effect on the Purchaser.

(p) **Litigation.** There are no Claims, demands, disputes, actions, suits, proceedings or investigations pending or threatened against or, directly or indirectly, affecting the Purchaser (including without limitation, restraining or preventing the Purchaser from issuing the Purchaser Shares in accordance with this Agreement), at law or in equity or before or by any federal, provincial, municipal or other local court or Governmental Entity, domestic or foreign, nor is the Purchaser subject to any presently effective adverse order, writ, injunction or decree of any such body.

(q) **No Brokers.** The Purchaser has not entered into any agreement which would entitle any Person to any valid claim against the Purchaser, the Vendors or ETS for a broker's commission, finder's fee or any like payment in respect of any matters contemplated by this Agreement.

(r) **Dividends.** The Purchaser has not, directly or indirectly, declared or paid any dividend or declared or made any other distribution on any of its Purchaser Shares or securities or, directly or indirectly, redeemed, purchased or otherwise acquired any of its Purchaser Shares or securities or agreed to do any of the foregoing.

(s) **Approvals.** No approval of, registration, declaration or filing by the Purchaser with any federal, provincial, municipal or local court or Governmental Entity is necessary to authorize the execution and delivery of this Agreement, or any and all of the documents and instruments to be delivered under this Agreement, by the Purchaser or the consummation by the Purchaser of the transactions contemplated herein, other than compliance with the Securities Act and the approval of the Exchange.

(t) **Compliance with Laws.** The Purchaser is not in violation of any federal, provincial, municipal or other Law, regulation or order of any Government Entity, domestic or foreign, save and except in any case which would not have a Material Adverse Effect on the Purchaser.

(u) **Knowledge of the Purchaser.** The Purchaser does not have any information or knowledge of any material facts relating to the business of the Purchaser that, if known to ETS or the Vendors, might reasonably be expected to deter ETS or the Vendors from completing the purchase and sale contemplated herein, or the consummation by ETS or by the Vendors of the other transactions contemplated herein.

(v) **Shareholders' Agreements, etc.** There are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of

any of the Purchaser Shares.

(w) **No Bankruptcy.** No proceedings have been taken, are pending or authorized by the Purchaser or by any other person in respect of the bankruptcy, insolvency, liquidation or winding up of the Purchaser.

(x) **Share Issuance.** On the Closing Date, the Purchaser Shares to be issued by the Purchaser to the Vendors pursuant to this Agreement will be duly authorized and validly allotted and issued as fully paid and non-assessable Purchaser Shares.

(y) **Omissions and Misrepresentations.** None of the foregoing representations, warranties and statements of fact contains any untrue statement of material fact or omits to state any material fact necessary to make any such statement, warranty or representation not misleading to ETS and the Vendors in seeking full information as to the Purchaser and its properties, business and affairs.

(z) **Reliance.** The foregoing representations and warranties are made by the Purchaser with the knowledge and expectation that ETS and the Vendors are placing complete reliance thereon. Such reliance shall not be affected by any investigation or examination conducted by ETS or the Vendors or their representatives before or after the date of this Agreement.

#### **Article 4 Representations and Warranties of ETS**

##### 4.1 Representations and Warranties relating to ETS.

ETS hereby represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on such representations and warranties in connection with the transactions contemplated hereby:

(a) **Incorporation, Organization and Authority of ETS.** ETS is a corporation duly incorporated, organized and validly subsisting and in good standing under laws of British Columbia, Canada, and has all the requisite corporate capacity and authority to enter into this Agreement and to perform its obligations hereunder and to carry on its business and to own, lease and operate the ETS Assets.

(b) **Corporate Measures.** All necessary or required corporate measures, proceedings and actions of the directors and shareholders of ETS have been taken to authorize and enable ETS to enter into and deliver this Agreement and to perform its obligations hereunder and thereunder.

(c) **Valid and Binding Obligation.** This Agreement has been duly executed and delivered by ETS and constitutes, or when duly executed and delivered will constitute, legal, valid and binding obligations of ETS, enforceable against it in accordance with their respective terms subject only to: (i) any limitation under applicable Laws relating to bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to or affecting the enforcement of creditors' rights generally; and (ii) the fact that equitable remedies, including the remedies of specific performance and injunction, may only be granted in the discretion of a court.

- (d) **Share Capital of ETS.** The authorized share capital of ETS is:
- 10,000 Class “A” Common Voting Shares without par value with special rights or restrictions attached;
  - 10,000 Class “B” Common Voting Shares with Par Value of 1.00 Canadian Dollar(s) each with special rights or restrictions attached;
  - 100,000 Class “C” Preferred Non-Voting Shares with a Par Value of 0.01 Canadian Dollar(s) each with special rights or restrictions attached;
  - 100,000 Class “D” Preferred Non-Voting Shares without Par Value with special rights or restrictions attached with special rights or restrictions attached;
  - 100,000 Class “E” Preferred Non-Voting Shares without Par Value with special rights or restrictions attached;
  - 100,000 Class “F” Preferred Non-Voting Shares without Par Value with special rights or restrictions attached;
  - 100,000 Class “G” Preferred Non-Voting Shares without Par Value with special rights or restrictions attached; and
  - 100,000 Class “H” Preferred Non-Voting Shares without Par Value with special rights or restrictions attached.

As of the date of this Agreement, there are 10,000 ETS Class “A” Common Voting Shares (“**ETS Shares**”) and no other preferred or common shares issued and outstanding immediately prior to the Closing Date, all of which are or will be fully paid and non-assessable and 100% owned by the Vendors. ETS has no issued or outstanding share purchase options or warrants. There is no other agreement, obligation (contractual or otherwise), right or option, existing or pending pursuant to which ETS is or might be required to issue any further ETS Shares or other securities of its capital. Other than the ETS Shares, there are no other securities of ETS issued or outstanding.

(e) **Title to ETS Assets.** Other than the Permitted Liens, ETS has good and marketable title to the ETS Assets free and clear of any actual, pending or, to the knowledge or belief of ETS, threatened Claims, Liens or set-offs whatsoever, including without limitation any action, proceeding or investigation affecting title to the ETS Assets, at law or in equity, before any court, administrative agency or Governmental Entity, to all of the ETS Assets and to any properties, except those sold in the ordinary course of business during such period, save and except in any case which would not have a Material Adverse Effect. ETS has not granted or entered into any agreement, option, understanding or commitment or any encumbrance of or disposal of the ETS Assets or an interest therein or any right or privilege capable of becoming an agreement or option with respect to the ETS Assets and will not do so prior to the Closing Date, save and except in any case which would not have a Material Adverse Effect.

(f) **Pre-emptive Rights.** No Person has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option for the purchase, subscription or issuance from treasury of any ETS Shares or other securities of ETS or securities convertible into, exchangeable for, or which carry the right to purchase ETS Shares or other securities of ETS, in preference of other Persons.

(g) **Business of ETS.** ETS has conducted and is conducting its business in all material

respects in full compliance with all applicable Laws, rules and regulations of each jurisdiction in which its business is carried on and holds all necessary licenses, permits, approvals, consents, certificates, registrations and authorizations, whether governmental, regulatory or otherwise, to enable its business to be carried on as it is currently conducted and its property and assets to be owned, leased and operated, and the same are validly existing and in good standing and none of such licenses, permits, approvals, consents, certificates, registrations and authorizations contains any burdensome term, provision, condition or limitation, save and except in any case which would not have a Materially Adverse Effect.

(h) **Indebtedness.** ETS has no bonds, debentures, mortgages, promissory notes or other indebtedness maturing more than one year after the date of their original creation or issuance, and ETS is not under any obligation to create or issue any bonds, debentures, mortgages, promissory notes or other indebtedness maturing more than one year after the date of their original creation or issuance.

(i) **Guarantees.** ETS is not a party to, or bound by, any agreement of guarantee, indemnification, assumption or endorsement or any like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other Person.

(j) **Tax Matters.** ETS is not in arrears or in default in respect of the filing of any required federal, provincial or municipal tax or other tax return; and (i) all taxes, filing fees and other assessments due and payable or collectible from ETS shall have been paid or collected prior to the Closing Date, (ii) no claim for additional taxes, filing fees or other amounts and assessments due and payable or collectible from ETS has been made or threatened which has not been collected, and (iii) to the best of the knowledge of ETS, no such return contains any misstatement or conceals any statement that should have been included therein.

(k) **Absence of Other Agreements.** ETS is not: (i) a party to any Material Contract; (ii) a party to, or operates any bonus, pension, profit sharing, deferred compensation, retirement, hospitalization insurance, medical insurance or similar plan or practice, formal and informal, in effect with respect to any employees of ETS; (iii) bound by any agreement whether written or oral with any employee of ETS providing for a specified period of notice of termination nor providing for any fixed term of employment; and has now and as of the Closing Date will have no employees who cannot be dismissed upon such notice as applicable Law may permit; (iv) bound by any outstanding contract or commitment which requires prior approval of any change of control of ETS; or (v) bound by any outstanding contract or commitment except those entered into in the ordinary course of business and is not in default under any material contract by which it is bound or under which it is entitled to the benefits of and advantages thereof, save and except in any case which would not have a Material Adverse Effect.

(l) **Good Standing of Agreements.** ETS is not in default or breach of any of its obligations under any one or more contracts, agreements (written or oral), commitments, indentures or other instruments to which it is a party or by which it is bound save and except in any case which would not have a Material Adverse Effect and there exists no state of facts which, to the best of the knowledge of ETS, after notice or lapse of time or both, would constitute such a default or breach. All such contracts, agreements, commitments, indentures and other instruments have been duly authorized, executed and delivered and are now in good standing and in full force and effect without amendment thereto; ETS are entitled to all benefits thereunder; and, to the best of the knowledge of ETS, the other parties to such contracts, agreements, commitments, indentures and other instruments are not in default or breach of any of their obligations thereunder save and except in any case which would not have a Material

Adverse Effect.

(m) **ETS Corporate Records.** The corporate records and minute books of ETS contain substantially complete and accurate minutes of all meetings of the directors and shareholders of ETS held since its incorporation, and signed copies of all resolutions and by-laws duly passed or confirmed by the directors or shareholders of ETS other than at a meeting, all such meetings having been duly called and held. The share certificate books, register of security holders, register of transfers and register of directors and any similar corporate records of ETS are complete and accurate. All exigible security transfer tax or similar tax payable in connection with the transfer of any securities of ETS has been paid.

(n) **No Breach Caused by this Agreement.** The execution, delivery and performance by ETS of its obligations under this Agreement and the consummation of the transactions contemplated hereby do not and will not (i) contravene, conflict with or result in a violation or breach of any provision of any applicable Laws or any license, approval, consent or authorization held by ETS, (ii) require any notice or consent or other action by any Person, contravene, conflict with, violate, breach or constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default, under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which ETS is entitled under, or give rise to any rights of first refusal or trigger any change in control provisions or any restriction under, any provision of any Material Contract or other instrument binding upon ETS or affecting any of its assets, or (iii) result in the creation or imposition of any Lien on any asset of ETS, with such exceptions, in the case of each of clauses (ii) and (iii), as do not have or would not have, or be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect. ETS has complied with all licenses, franchises, leases, permits, approvals and agreements to which the Purchaser is a party or by which ETS is bound, the breach of which would reasonably have a Material Adverse Effect on ETS.

(o) **Litigation.** To the best of the knowledge of ETS, there are no Claims, demands, disputes, actions, suits, proceedings or investigations pending or threatened against or directly or indirectly affecting ETS, at law or in equity or before or by any federal, provincial, municipal or other governmental court, department or Governmental Entity, domestic or foreign, nor is ETS subject to any presently effective adverse order, writ, injunction or decree of any such body.

(p) **No Brokers.** ETS has not entered into any agreement which would entitle any Person to any valid claim against the Purchaser or ETS for a broker's commission, finder's fee or any like payment in respect of any matters contemplated by this Agreement

(q) **Intellectual Property.** ETS now, or at Closing will, own or have the valid rights to use all of the Intellectual Property that is material to the conduct of the business of ETS as currently conducted or as currently proposed to be conducted (and had all rights necessary to carry out its former activities at such time such activities were being conducted). ETS has a valid and enforceable right to use all third party Intellectual Property used or held for use in the business of ETS.

(r) **Dividends.** ETS has not, directly or indirectly, declared or paid any dividend or declared or made any other distribution on any of its ETS Shares or securities or, directly or indirectly, redeemed, purchased or otherwise acquired any of its ETS Shares or securities or agreed to do any of the foregoing.

(s) **Approvals.** No approval of, registration, declaration or filing by ETS with any federal,

provincial or local court or Governmental Entity is necessary to authorize the execution and delivery of this Agreement, or any and all of the documents and instruments to be detailed under this Agreement by ETS or the consummation by ETS of the transactions contemplated herein.

(t) **Compliance with Laws.** ETS is not in violation of any federal, provincial, municipal or other law, regulation or order of any Government Entity, domestic or foreign, save and except in any case which would not have a Material Adverse Effect on ETS.

(u) **Knowledge of ETS.** ETS does not have any information or knowledge of any material facts relating to the business of ETS that, if known to the Purchaser, might reasonably be expected to deter the Purchaser from completing the purchase and sale contemplated herein, or the consummation by the Purchaser of the other transactions contemplated herein.

(v) **Shareholders' Agreements, etc.** There are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the ETS Shares.

(w) **No Bankruptcy.** No proceedings have been taken, are pending or authorized by ETS or by any other Person in respect of the bankruptcy, insolvency, liquidation or winding up of ETS.

(x) **Subsidiaries.** ETS has no subsidiaries.

(y) **Omissions and Misrepresentations.** None of the foregoing representations, warranties and statements of fact contains any untrue statement of a material fact or omits to state any material fact necessary to make any such statement, warranty or representation not misleading to the Purchaser in seeking full information as to ETS and their respective properties, business and affairs.

(z) **Reliance.** The foregoing representations and warranties are made by ETS with the knowledge and expectation that the Purchaser is placing complete reliance thereon. Such reliance shall not be affected by any investigation or examination conducted by the Purchaser or its representatives before or after the date of this Agreement.

## Article 5

### Representations, Warranties and Acknowledgements Relating to the Vendors

#### 5.1 Representations, Warranties and Acknowledgements relating to the Vendors.

The Vendors hereby represent and warrant to the Purchaser respectively as follows and acknowledge that the Purchaser is relying on such representations and warranties in connection with the transactions contemplated hereby:

(a) **Valid and Binding Obligation.** This Agreement has been duly executed and delivered by the Vendors and constitutes, or when duly executed and delivered will constitute, legal, valid and binding obligations of the Vendors, enforceable against him in accordance with his terms subject only to: (i) any limitation under applicable Laws relating to bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to or affecting the enforcement of creditors' rights generally; and (ii) the fact that equitable remedies, including the remedies of specific performance and injunction, may only be granted in the discretion of a court.

(b) **Ownership of the ETS Shares.** The Vendors are the registered and beneficial holders of 100% of the ETS Shares with good and marketable title thereto, free and clear of all Liens. No Person other than the Purchaser has, or has any right capable of becoming, an agreement, option, right or privilege for the purchase or other acquisition from the Vendors of any of such ETS Shares. There are no restrictions of any kind on the transfer of the ETS Shares by the Vendors.

(c) **Prospectus and Registration Exemption.** The Vendors acknowledge that the Purchaser Shares to be issued to them will be issued pursuant to prospectus and registration exemptions provided under National Instrument 45-106 - Prospectus and Registration Exemptions of the Canadian Securities Administrators and acknowledge that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Purchaser Shares to be issued to the Vendors pursuant to this Agreement; (ii) there is no government or other insurance covering the Purchaser Shares; (iii) there are risks associated with ownership of the Purchaser Shares; (iv) there are restrictions on the Vendors' ability to resell his Purchaser Shares and it is the responsibility of the Vendors to find out what those restrictions are and to comply with them before selling the Purchaser Shares; and (v) if the Purchaser relies on an exemption from the requirements to provide the Vendors with an offering memorandum, then, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the Securities Act, including statutory rights of rescission or damages, will not be available to the Vendors.

## **Article 6 Cure and Survival of Representations and Warranties**

### 6.1 Supplemental Disclosure.

The Purchaser, ETS and the Vendors hereby agree that each of them shall have the right, from time to time prior to the Closing, to supplement or amend their respective representations and warranties stated in Article 3, Article 4 and Article 5 through the delivery of a statement of disclosure exceptions ("**Disclosure Exceptions**") to the other Parties. The Disclosure Exceptions shall pertain to any material information unavailable as of the date of this Agreement or any matter that becomes material to the Purchaser, ETS, or the Vendors after the date of this Agreement. Disclosure Exceptions shall be delivered to the other Parties by any Party that has information that, if it had been available, existing or known at the date of this Agreement, would have been required to be set forth or described in the representations and warranties contained in this Agreement. The Parties will, subject to the agreement of the other Party, acting reasonably, accept the proposed Disclosure Exceptions. Each Disclosure Exception if and when agreed upon by the Parties shall be deemed to have cured any breach of any representation or warranty made in this Agreement pursuant to Article 3, Article 4 or Article 5. In the event that a Party hereto does not agree to a Disclosure Exception proposed to be made by another Party, this Agreement may be terminated by the Party opposing the Disclosure Exception and, in such event, each Party shall be released from all obligations under this Agreement save and except for its obligations, if any, under Article 10, Section 7.1(c), Section 9.1(c) and Section 14.2, which shall survive.

### 6.2 Survival of Representations and Warranties.

The representations and warranties made by the Parties and contained in this Agreement shall continue in full force and effect for the benefit of the respective Party or Parties, as applicable, for a period of one year from the Closing Date.

## Article 7 Covenants of ETS

### 7.1 Covenants of ETS.

Commencing on the date of this Agreement and continuing until either Closing or the date of termination of this Agreement, ETS hereby covenants and agrees with the Purchaser as follows:

(a) **Investigations and Availability of Records.** The Purchaser and its directors, officers, auditors, counsel and other authorized representatives shall be permitted to make such commercially reasonable investigations of the properties, the ETS Assets and businesses of ETS and its financial and legal conditions as the Purchaser reasonably deems necessary or desirable, provided always that such investigations shall not unduly interfere with the operations of ETS. If reasonably requested, ETS shall provide copies, at the cost of the Purchaser, of the corporate records of ETS, including the minute books, share ledgers and the records maintained in connection with the business of ETS. Such investigations will not, however, affect or mitigate in any way the representations and warranties contained in this Agreement, which representations and warranties shall continue in full force and effect for the benefit of the Purchaser.

(b) **Necessary Consents.** ETS shall use its commercially reasonable best efforts to obtain from ETS's directors, shareholders and all appropriate Governmental Entities such approvals or consents as are required (if any) to complete the transactions contemplated herein.

(c) **Confidentiality.** ETS shall keep confidential any confidential information, trade secrets or confidential financial or business documents (collectively the "**Purchaser Information**") received by it from the Purchaser concerning the Purchaser or its business and shall not disclose such Purchaser Information to any third party; provided that any of such the Purchaser Information may be disclosed to ETS's directors, officers, employees, representatives and professional advisors who need to know such Purchaser Information in connection with the transactions contemplated hereby (provided ETS shall use all reasonable efforts to ensure that such directors, officers, employees, representatives and professional advisors keep confidential such Purchaser Information) and provided further that ETS will not be liable for disclosure of Purchaser Information upon occurrence of one or more of the following events:

- i) Purchaser Information becoming generally known to the public other than through a breach of this Agreement;
- ii) Purchaser Information being lawfully obtained by ETS from a third party or parties without breach of this Agreement by ETS, as shown by documentation sufficient to establish the third party as a source of Purchaser Information; or,
- iii) Purchaser Information being known to ETS prior to disclosure by the Purchaser or its Affiliates, as shown by documentation sufficient to establish such knowledge; or
- iv) the Purchaser having provided its prior written approval for such disclosure by ETS.

In the event this Agreement is terminated in accordance with the provisions hereof, ETS shall:

- i) use all reasonable efforts to ensure that all documents prepared or obtained in the course of its investigations of the Purchaser or its business and all copies thereof are either destroyed or returned to the Purchaser so as to insure that, so far as possible, any Purchaser Information obtained during and as a result of such investigations by the directors, officers, employees, representatives and professional advisors of ETS is not disseminated beyond those individuals concerned with such investigations; and
  - ii) not directly or indirectly, use for its own purposes, any Purchaser Information, discovered or acquired by the directors, officers, employees representatives and professional advisors of ETS as a result of the Purchaser making available to them those documents and assets relating to the business of the Purchaser.
- (d) **Status and Filings.** ETS will maintain its corporate status and comply with all applicable corporate and securities requirements (including any applicable filing requirements) prior to Closing.
- (e) **Material Change.** ETS agrees to provide prompt and full disclosure to the Purchaser of any material information, change or event in the business, operations, financial condition or other affairs of ETS prior to Closing.
- (f) **ETS Securities.** ETS shall not issue any ETS Shares or any other securities of ETS, except with the prior written consent of the Purchaser.
- (g) **Compliance with Laws.** ETS shall not do any act or take any steps that would be in violation or contrary to corporate laws in British Columbia or Alberta, Canada, or any other applicable Laws in any material respect; and,
- (h) **All Other Actions.** ETS shall use all reasonable efforts to satisfy each of the conditions precedent set out in this Agreement to be satisfied by it as soon as practical and in any event before the Closing Date, and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable that are commercially reasonable to permit the completion of the Acquisition in accordance with the terms and conditions of this Agreement and applicable Laws.

## **Article 8 Covenants of the Vendors**

### 8.1 Covenants of the Vendors.

Commencing on the date of this Agreement and continuing until either Closing or the date of termination of this Agreement, the Vendors hereby covenant and agree with the Purchaser as follows:

- (a) **Filing of Reports.** The Vendors consent to and will assist the Purchaser with, the filing by the Purchaser from time to time of any reports or other documents required by any of the Securities Authorities with respect to the issuance of the Purchaser Shares to him pursuant to this Agreement, including but not limited to personal information of the Vendors. The Vendors acknowledge that he is familiar with or has had an opportunity to obtain a copy of the Exchange Corporate Finance Manual.

(b) **Stock Restriction Agreement.** If the Purchaser applies for a listing on any stock exchange, the Vendors shall enter into escrow agreements or stock restriction agreements as may be required by the applicable exchange rules or by any Governmental Entity.

## **Article 9 Covenants of the Purchaser**

### 9.1 Covenants of the Purchaser.

Commencing on the date of this Agreement and continuing until either Closing or the date of termination of this Agreement, the Purchaser hereby covenants and agrees with ETS and the Vendors as follows:

(a) **Investigations and Availability of Records.** ETS and its directors, officers, auditors, counsel and other authorized representatives shall be permitted to make such commercially reasonable investigations of the property, assets and business of the Purchaser and of its financial and legal condition as ETS reasonably deems necessary or desirable, provided that such investigations shall not unduly interfere with the operations of the Purchaser. If reasonably requested, the Purchaser shall provide copies, at the cost of ETS, of the Purchaser's corporate records, including its minute books, share ledgers and the records maintained in connection with the business of the Purchaser. Such investigations will not, however, affect or mitigate in any way the representations and warranties contained in this Agreement, which representations and warranties shall continue in full force and effect for the benefit of ETS.

(b) **Necessary Consents.** The Purchaser shall use its commercially reasonable best efforts to obtain from the Purchaser's directors, shareholders and all appropriate Governmental Entities such approvals or consents as are required (if any) to complete the transactions contemplated herein.

(c) **Confidentiality.** The Purchaser shall keep confidential any confidential information, trade secrets or confidential financial or business documents (collectively the "**ETS Information**") received by it from ETS concerning ETS or its business and shall not disclose such ETS Information to any third party; provided that any of such ETS Information may be disclosed to the Purchaser's directors, officers, employees, representatives and professional advisors who need to know such ETS Information in connection with the transactions contemplated hereby (provided the Purchaser shall use all reasonable efforts to ensure that such directors, officers, employees, representatives and professional advisors keep confidential such ETS Information) and provided further that the Purchaser will not be liable for disclosure of ETS Information upon occurrence of one or more of the following events:

- i) ETS Information becoming generally known to the public other than through a breach of this Agreement;
- ii) ETS Information being lawfully obtained by the Purchaser from a third party or parties without breach of this Agreement by the Purchaser, as shown by documentation sufficient to establish the third party as a source of ETS Information; or,
- iii) ETS Information being known to the Purchaser prior to disclosure by ETS or its Affiliates, as shown by documentation sufficient to establish such knowledge; or

iv) ETS having provided its prior written approval for such disclosure by the Purchaser.

In the event this Agreement is terminated in accordance with the provisions hereof, the Purchaser shall:

- i) use all reasonable efforts to ensure that all documents prepared or obtained in the course of its investigations of ETS or its business and all copies thereof are either destroyed or returned to ETS so as to insure that, so far as possible, any ETS Information obtained during and as a result of such investigations by the directors, officers, employees, representatives and professional advisors of the Purchaser is not disseminated beyond those individuals concerned with such investigations; and
- ii) not directly or indirectly, use for its own purposes, any ETS Information, discovered or acquired by the directors, officers, employees representatives and professional advisors of the Purchaser as a result of ETS making available to them those documents and assets relating to the business of ETS.

(d) **Status and Filings.** The Purchaser will maintain its corporate status and comply with all applicable corporate and securities requirements (including any applicable filing requirements) prior to Closing.

(e) **Material Change.** The Purchaser agrees to conduct its business in the ordinary course prior to Closing and to provide prompt and full disclosure to ETS of any material information, change or event in the business, operations, financial condition or other affairs of the Purchaser prior to Closing.

(f) **Compliance with Laws.** The Purchaser shall not do any act or take any steps that would be in violation or contrary to the Securities Act or any other applicable Laws in any material respect.

(g) **All Other Actions.** The Purchaser shall use all reasonable efforts to satisfy each of the conditions precedent set out in this Agreement to be satisfied by it as soon as practical and in any event before the Closing Date, and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable that are commercially reasonable to permit the completion of the Acquisition in accordance with the terms and conditions of this Agreement and applicable Laws.

## **Article 10 Indemnification**

### 10.1 Mutual Indemnifications for Breaches of Warranty.

Subject to Section 10.2, the Purchaser hereby covenants and agrees with ETS and the Vendors, and ETS and the Vendors hereby severally covenants and agrees with the Purchaser, (a Party covenanting and agreeing to indemnify another Party under this Section are hereinafter individually referred to as the "**Indemnifying Party**" and a Party being indemnified by another Party under this Section 10.1 is hereinafter individually referred to as the "**Indemnified Party**" and "Indemnified Party" includes directors, officers, shareholders, and affiliates of the Indemnified Party) to indemnify and save harmless the Indemnified Party from and against any Claims which may be made or brought against the Indemnified Party or which it may suffer or

incur as a result of, or arising out of any non-fulfillment of any covenant or agreement on the part of the Indemnifying Party under this Agreement or any incorrectness in or breach of any representation or warranty of the Indemnifying Party contained in this Agreement.

10.2 Limitation on Mutual Indemnification. The indemnification obligations of each of the Parties pursuant to Section 10.1 shall be subject to the following:

- (a) the applicable limitations mentioned in Article 6 regarding the survival of the representations and warranties; and
- (b) an Indemnifying Party shall not be required to indemnify an Indemnified Party until the aggregate Claims sustained by that Indemnified Party exceeds a value of \$5,000, in which case, the Indemnifying Party shall be obligated to the Indemnified Party pursuant to Section 10.1.

10.3 Procedure for Indemnification. The following provisions shall apply to any Claims for which an Indemnifying Party may be obligated to indemnify an Indemnified Party pursuant to this Agreement:

- (a) upon receipt from a third party by the Indemnified Party of notice of a Claim or the Indemnified Party becoming aware of a Claim in respect of which the Indemnified Party proposes to demand indemnification from the Indemnifying Party, the Indemnified Party shall give notice to that effect to the Indemnifying Party with reasonable promptness, provided that failure to give such notice shall not relieve the Indemnifying Party from any liability it may have to the Indemnified Party except to the extent that the Indemnifying Party is prejudiced thereby;
- (b) in the case of Claims arising from third parties, the Indemnifying Party shall have the right by notice to the Indemnified Party not later than 30 days after receipt of the notice described in Section 10.3(a) to assume the control of the defense, compromise or settlement of the Claims, provided that such assumption shall, by its terms, be without costs to the Indemnified Party and the Indemnifying Party shall at the Indemnified Party's request furnish it with reasonable security against any costs or other liabilities to which it may be or become exposed by reason of such defense, compromise or settlement;
- (c) upon the assumption of control by the Indemnifying Party as aforesaid, the Indemnifying Party shall diligently proceed with the defense, compromise or settlement of the Claims at its sole expense, including employment of counsel reasonably satisfactory to the Indemnified Party and, in connection therewith, the Indemnified Party shall co-operate fully, but at the expense of the Indemnifying Party, to make available to the Indemnifying Party all pertinent information and witnesses under the Indemnified Party's control, make such assignments and take such other steps as in the opinion of counsel for the Indemnifying Party are necessary to enable the Indemnifying Party to conduct such defense; provided always that the Indemnified Party shall be entitled to reasonable security from the Indemnifying Party for any expense, costs or other liabilities to which it may be or may become exposed by reason of such co-operation;
- (d) the final determination of any such Claims arising from third parties, including all related costs and expenses, will be binding and conclusive upon the Parties as to the validity or invalidity, as the case may be, of such Claims against the Indemnifying Party hereunder; and
- (e) should the Indemnifying Party fail to give notice to the Indemnified Party as provided in Section 10.3(b), the Indemnified Party shall be entitled to make such settlement of the Claims as in its sole discretion may appear reasonably advisable, and such settlement or any other final

determination of the Claims shall be binding upon the Indemnifying Party.

## **Article 11 Conditions**

### 11.1 Conditions for the Benefit of the Purchaser.

The transactions contemplated herein are subject to the following conditions to be fulfilled or performed on or prior to the Closing Date, which conditions are for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser in its sole discretion:

- (a) the Purchaser shall have appointed to its board of directors the following five persons: Greg Johnston, Peter Steele, Brad Scharfe, Jason Scharfe, and Cale Thomas;
- (b) the representations and warranties of ETS contained in this Agreement shall have been true and correct as of the date of this Agreement and shall be true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of the Closing Date, save and except in any case which would not have a Material Adverse Effect;
- (c) ETS shall have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by ETS at or prior to the Closing Date;
- (d) all required approvals, consents and authorizations of third parties in respect of the transactions contemplated herein, including without limitation all necessary regulatory approvals, shall have been obtained on terms acceptable to the Purchaser acting reasonably;
- (e) all proceedings, including all necessary corporate proceedings, to be taken in connection with the transactions contemplated in this Agreement shall be satisfactory in form and substance to the Purchaser, acting reasonably, and the Purchaser shall have received copies of all instruments and other evidence as it may reasonably request in order to establish the closing of such transactions and the taking of all necessary proceedings in connection therewith;
- (f) no action or proceeding shall be pending or threatened by any Person (other than the Purchaser) in any jurisdiction, to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement or the right of ETS to conduct its business after the Closing Date on substantially the same basis as operated immediately prior to the date hereof and no action, suit or legal proceeding shall have been taken before or by any Governmental Entity or by any Person that would, if successful, have a Material Adverse Effect on ETS;
- (g) since the date of this Agreement, there shall have been no Material Adverse Effect with respect to ETS, or any event, occurrence or development, including the commencement of any action, suit or other legal proceeding which would reasonably be expected to have a Material Adverse Effect on ETS; and,
- (h) the Purchaser shall have received a certificate of ETS addressed to the Purchaser and dated the Closing Date, signed on behalf of ETS by a senior executive officer of ETS, confirming that the conditions in this Section 11.1 have been satisfied.

## 11.2 Conditions for the Benefit of ETS and the Vendors.

The transactions contemplated herein are subject to the following conditions to be fulfilled or performed on or prior to the Closing Date, which conditions are for the exclusive benefit of ETS and the Vendors and may be waived, in whole or in part, by ETS and the Vendors in their sole discretion:

- (a) the representations and warranties of the Purchaser contained in this Agreement shall have been true and correct as of the date of this Agreement and shall be true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such Closing Date, save and except in any case which would not have a Material Adverse Effect on the Purchaser;
- (b) the Purchaser shall have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by the Purchaser at or prior to the Closing Date;
- (c) all required approvals, consents and authorizations of third parties in respect of the transactions contemplated herein, including without limitation all necessary shareholder and regulatory approvals, shall have been obtained on terms acceptable to ETS acting reasonably;
- (d) all proceedings, including all necessary corporate proceedings, to be taken in connection with the transactions contemplated in this Agreement shall be satisfactory in form and substance to ETS, acting reasonably, and ETS shall have received copies of all instruments and other evidence as it may reasonably request in order to establish the closing of such transactions and the taking of all necessary proceedings in connection therewith;
- (e) no action or proceeding shall be pending or threatened by any Person (other than ETS) in any jurisdiction, to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement or the right of the Purchaser to conduct its business after the Closing Date on substantially the same basis as operated immediately prior to the date hereof and no action, suit or legal proceeding shall have been taken before or by any Governmental Entity or by any Person that would, if successful, have a Material Adverse Effect on the Purchaser;
- (f) since the date of this Agreement, there shall have been no Material Adverse Effect with respect to the Purchaser, or any event, occurrence or development, including the commencement of any action, suit or other legal proceeding which would reasonably be expected to have a Material Adverse Effect on the Purchaser; and
- (g) ETS shall have received a certificate of the Purchaser addressed to ETS and dated the Closing Date, signed on behalf of the Purchaser by a senior executive officer of the Purchaser, confirming that the conditions in this Section 11.2 have been satisfied.

## **Article 12** **Closing**

### 12.1 Date and Time of Closing.

The Closing of the transactions contemplated herein shall be completed at 700-510 West Hastings St, Vancouver, BC, on or before May 30, 2014 at 4:00 p.m. (Vancouver time) on

the Closing Date, or at such other time and place as may be mutually agreed upon by the Parties hereto.

## **Article 13 Termination**

### 13.1 Termination by the Purchaser.

If any of the conditions set forth in Section 11.3 have not been fulfilled or waived at or prior to the Closing Date or any obligation or covenant of ETS or the Vendors to be performed at or prior to the Closing Date has not been observed or performed by such time, the Purchaser may terminate this Agreement by notice in writing to ETS (which shall constitute notice in writing to the Vendors), and in such event the Purchaser shall be released from all obligations hereunder save and except for its obligations under Section 7.1(c), Section 9.1(c), Article 10 and Article 14, which shall survive. If the Purchaser waives compliance with any of the conditions, obligations or covenants contained in this Agreement, the waiver will be without prejudice to any of its rights of termination in the event of non-fulfillment, non-observance or non-performance of any other condition, obligation, or covenant in whole or in part.

### 13.2 Termination by ETS and the Vendors.

If any of the conditions set forth in Section 11.4 have not been fulfilled or waived at or prior to Closing Date or any obligation or covenant of the Purchaser to be performed at or prior to the Closing Date has not been observed or performed by such time, ETS and the Vendors may terminate this Agreement by notice in writing to the Purchaser, and in such event ETS and the Vendors shall be released from all obligations hereunder save and except for their obligations under Section 7.1(c), Section 9.1(c), Article 10 and Article 14, which shall survive. If ETS (on its own behalf and on behalf of the Vendors) waives compliance with any of the conditions, obligations or covenants contained in this Agreement, the waiver will be without prejudice to any of their rights of termination in the event of non-fulfillment, non-observance or non-performance of any other condition, obligation or covenant in whole or in part.

### 13.3 Other Termination Rights.

This Agreement may, by notice in writing given prior to or on the Closing Date, be terminated:

- (a) by mutual consent of the Purchaser and ETS; and
- (b) by either the Purchaser or ETS if the Acquisition is not consummated by June 30, 2014 or such other date as may be agreed to by the Purchaser and ETS; and, in such event, each Party shall be released from all obligations under this Agreement, save and except for its obligations, if any, under Section 7.1(c), Section 9.1(c), Article 10 and Article 14, which shall survive.

### 13.4 Effect of Termination.

Each Party's right of termination under this Article 13 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. Nothing in this Article 13 shall limit or affect any other rights or causes of action the Parties may have with respect to the representations, warranties,

covenants and indemnities in its favour contained in this Agreement.

## **Article 14 Expenses**

### **14.1 Responsibility for Own Costs.**

Except as provided in Section 14.1, each Party shall be responsible for its own legal and audit fees and other charges incurred in connection with the preparation of this Agreement, all negotiations between the Parties and the consummation of the transactions contemplated hereby.

### **14.2 Responsibility for Taxes.**

Each Party shall be responsible for the payment of its own Taxes and related charges incurred in connection with the receipt of securities pursuant to this Agreement.

## **Article 15 General**

### **15.1 Independent Legal Advice.**

Each of the Parties acknowledge that:

- (a) The Purchaser's counsel has acted as counsel only to the Purchaser and all other Parties to this Agreement acknowledge and confirm that they have been advised to seek, and have sought or have otherwise waived, independent tax and legal advice with respect to this Agreement and the documents delivered pursuant thereto and that the Purchaser's counsel is not protecting the rights and interests of any other Party to this Agreement; and
- (b) To the extent that any Vendors decline to receive independent legal counsel in respect of this Agreement, such Vendors hereby waive that right, should a dispute later develop, to rely on its lack of independent legal counsel to avoid its obligations, to seek indulgences from the other Parties hereto, or to otherwise attack, in whole or in part, the integrity of this Agreement and the documents related thereto.

### **15.2 Tax Elections.**

The Purchaser agrees to make joint elections with the Vendors, subject to confirmation the Vendors are (i) a resident of Canada for purposes of the *Income Tax Act* (Canada) and not exempt from tax under Part I of the *Income Tax Act* (Canada), or (ii) a partnership, any member of which is a resident of Canada for the purposes of the *Income Tax Act* (Canada) (other than a partnership, all members of which that are residents of Canada and are exempt from tax under Part I of the *Income Tax Act* (Canada)) in respect of the disposition of the Vendors' ETS Shares pursuant to Section 85 of the *Income Tax Act* (Canada) (or any similar provision of any provincial tax legislation).

The Purchaser further agrees that the agreed amount under such joint elections shall be determined by the Vendors in their sole discretion within the limits set out in the *Income Tax Act* (Canada). The Vendors will complete the Section 85 election form, providing the necessary information in accordance with the procedures set out in the tax instruction letter provided to the

Vendors, and provide the election to the Purchaser for execution on or before 90 days after the Acquisition.

None of the Purchaser, ETS nor any successor corporation shall be responsible for the proper completion of any election form, except for the obligation to sign and return duly completed election forms that are received by the Purchaser within 90 days of the Acquisition, nor for any taxes, interest or penalties resulting from the failure of the Vendors to properly complete or file such election forms in the form and manner and within the time prescribed by the *Income Tax Act* (Canada) (or any applicable provincial legislation). In its sole discretion, the Purchaser or any successor corporation may choose to sign and return an election form received by it more than 90 days following the Acquisition, but will have no obligation to do so.

### 15.3 Entire Agreement.

This Agreement and the schedules referred to herein constitute the entire agreement among the Parties hereto and supersede all prior agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, with respect to the subject matter hereof. None of the Parties hereto shall be bound or charged with any oral or written agreements, representations, warranties, statements, promises, information, arrangements or understandings not specifically set forth in this Agreement or in the schedules, documents and instruments to be delivered on the Closing Date pursuant to this Agreement. The Parties hereto further acknowledge and agree that, in entering into this Agreement and in delivering the schedules, documents and instruments to be delivered on the Closing Date, they have not in any way relied, and will not in any way rely, upon any oral or written agreements, representations, warranties, statements, promises, information, arrangements or understandings, express or implied, not specifically set forth in this Agreement or in such schedules, documents or instruments.

### 15.4 Further Assurances.

Each of the Parties hereto will from time to time after the Closing Date at the other's request and expense and without further consideration, execute and deliver such other instruments of transfer, conveyance and assignment and take such further action as the other may reasonably require to give effect to any matter provided for herein.

### 15.5 Severability.

In the event that any provision or part of this Agreement is determined by any court or other judicial or administrative body to be illegal, null, void, invalid or unenforceable, that provision shall be severed to the extent that it is so declared and the other provisions of this Agreement shall continue in full force and effect.

### 15.6 Applicable Law.

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, excluding the conflict of laws principles thereof and without reference to the laws of any other jurisdiction.

15.7 Governing Language.

This Agreement is drawn up in the English language. This Agreement may be translated into any language other than English provided however that the English text shall in any event prevail.

15.8 Attornment.

The Parties hereby irrevocably and unconditionally consent to and submit to the exclusive jurisdiction of the courts of the Province of British Columbia for any actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of British Columbia and hereby further irrevocably and unconditionally waive and agree not to plead or file a Claim in any such applicable courts, as the case may be, that any such Claim so brought has been brought in an inconvenient forum.

15.9 Successors and Assigns.

This Agreement shall accrue to the benefit of and be binding upon each of the Parties hereto and their respective heirs, executors, administrators, successors and assigns, provided that this Agreement shall not be assigned by any one of the Parties without the prior written consent of the other Party.

15.10 Time of Essence.

Time shall be of the essence hereof.

15.11 Notices.

Any notice required or permitted to be given hereunder shall be in writing and shall be effectively given if (i) delivered personally, or (ii) sent by prepaid courier service or mail addressed as follows:

- (a) In the case of notice to the Purchaser:

Carl Capital Corp.  
700-510 West Hastings St  
Vancouver, BC V6B 1L8  
Attention: Cale Thomas

- (b) In the case of notice to ETS or to the Vendors:

Extend to Social Media Inc.  
6th Floor, 171 West Esplanade  
North Vancouver, BC V7M 3J9  
Attention: Greg Johnston

Any notice, designation, communication, request, demand or other document given or sent or delivered as aforesaid shall: (i) if delivered as aforesaid, be deemed to have been given, sent, delivered and received on the date of delivery; and (ii) if sent by mail as aforesaid, be

deemed to have been given, sent, delivered and received (but not actually received) on the fourth Business Day following the date of mailing, unless at any time between the date of mailing and the fourth Business Day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike or lockout or work slowdown, affecting postal service at the point of dispatch or delivery or any intermediate point, in which case the same shall be deemed to have been given, sent, delivered and received in the ordinary course of the mail, allowing for such discontinuance or interruption of regular postal service.

#### 15.12 Waiver.

Any Party hereto which is entitled to the benefits of this Agreement may, and has the right to, unless otherwise provided, waive any term or condition hereof at any time on or prior to the Closing Date, provided however that such waiver shall be evidenced by written instrument duly executed on behalf of such Party.

#### 15.13 Amendments.

No amendment, modification or supplement to this Agreement shall be effective unless provided in writing and signed by all the Parties hereto and approved by all necessary governmental regulatory authorities.

#### 15.14 Remedies Cumulative

The rights and remedies of the Parties under this Agreement are cumulative and in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by any Party hereto of any right or remedy for default or breach of any term, covenant or condition of this Agreement does not waive, alter, affect or prejudice any other right or remedy to which such Party may be lawfully entitled for the same default or breach.

[Balance of page intentionally left blank.]

15.15 Counterparts.

This Agreement may be executed in several counterparts (by original or facsimile signature), each of which when so executed shall be deemed to be an original and each of such counterparts, if executed by each of the Parties, shall constitute a valid and enforceable agreement among the Parties.

IN WITNESS WHEREOF this agreement has been executed by the Parties hereto as of the date first above written.

**CARL CAPITAL CORP.**

Per: "Brian Cale Thomas"  
Authorized Signatory

**EXTEND TO SOCIAL MEDIA INC.**

Per: "D. Gregory Johnston"  
Authorized Signatory

**SHAREHOLDERS OF EXTEND TO SOCIAL MEDIA INC.**

"Jeffrey Kong"  
Ling Zhang ("Jeffrey") Kong

**BDIRECT ONLINE COMMUNICATIONS INC.**

Per: "D. Gregory Johnston"  
Authorized Signatory

**RA REVENUE AUTOMATION INC.**

Per: "Peter Steele"  
Authorized Signatory

**SCHARFE HOLDINGS INC.**

Per: "Bradley Scharfe"  
Authorized Signatory

**Schedule "A"**  
ETS Shareholders  
The Vendors

<b>Shareholder Name</b>	<b>Number of Shares in ETS</b>	<b>Number of shares in Carl Capital following Exchange</b>
BDirect Online Communications Inc.	4,444	1,866,480
RA Revenue Automation Inc.	3,889	1,633,380
Scharfe Holdings Inc.	1,111	466,620
Ling Zhang (Jeffrey) Kong	556	233,520
<b>Total</b>	10,000	4,200,000