

MERGER AGREEMENT

THIS MERGER AGREEMENT is made effective as of the 25th day of September, 2015 (the “**Execution Date**”).

AMONG:

FLOWWORKS INC., a company incorporated under the laws of the State of Washington and having an address at 606 Maynard Avenue S., Suite #251, Seattle, Washington, 98104 U.S.A.

(the “**Target**”)

AND:

FLOWDATA, INC., a company incorporated under the laws of the State of Washington and a wholly owned subsidiary of the Purchaser

(the “**Acquirer**”)

AND:

CARL CAPITAL CORP., a company incorporated under the laws of the Province of British Columbia having an address at Suite 700, 510 West Hastings Street, Vancouver, British Columbia V6B 1L8, Canada

(the “**Purchaser**”)

WHEREAS:

A. The Target is in the data management business that has developed data collection, monitoring, analysis and reporting tools that enable its customers to efficiently manage monitoring systems through a single web interface;

B. The Purchaser, a company whose common shares are listed for trading on the Canadian Securities Exchange under the symbol CRL, wishes to acquire all of the issued and outstanding shares of common stock in the capital of the Target;

C. The respective boards of directors of the Purchaser, the Target and the Acquirer deem it advisable and in the best interests of the Purchaser, the Target and the Acquirer that the Acquirer merge with and into the Target (the “**Merger**”) pursuant to this Agreement, the Merger Documents and the applicable provisions of the laws of the State of Washington, such that the Target will become a wholly-owned subsidiary of the Purchaser; and

D. The board of directors of the Acquirer and the Target have recommended approval of this Agreement by their respective shareholders.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Target, the Acquirer and the Purchaser (each, a **"Party"** and, together, the **"Parties"**) covenant and agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 Definitions

In this Agreement the following words and phrases will have the following meanings:

"Acquisition Proposal" means, other than the transactions contemplated by this Agreement, any offer, proposal, expression of interest, or inquiry, whether oral or written, from any person (other than the Purchaser or any of its Affiliates) made after the Execution Date relating to:

- (a) any direct or indirect acquisition, sale, lease, long-term supply agreement or other arrangement having the same economic effect as a sale of: (i) the assets of the Target that, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of the Target; or (ii) 20% or more of any voting or equity securities of the Target;
- (b) any take-over bid, tender offer or exchange offer for any class of voting or equity securities of the Target; or
- (c) a plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving the Target;

"Acquisition Shares" means the 8,600,000 fully paid and non-assessable common shares in the capital of the Purchaser to be issued to the Target Shareholders at Closing pursuant to the terms of the Merger, subject to adjustment as provided for in Article 2 hereof;

"Affiliate" with respect to any specified Person at any time, means each Person directly or indirectly, through one or more intermediaries, controlling, controlled by, or under direct or indirect common control with, such specified Person at such time;

"Agreement" means this Merger Agreement, and all of the schedules and other documents attached hereto, as it may from time to time be supplemented or amended;

"Applicable Law" means, with respect to any Person, any domestic (whether federal, state, territorial, provincial, municipal or local) or foreign statute, law, ordinance, rule, administrative interpretation, regulation, Order, writ, injunction, directive, judgment, decree or other requirement, all as in effect as of the Closing, of any Governmental Body applicable to such Person or any of its Affiliates or any of their respective properties, assets, Employees, consultants or agents

(in connection with such Employee's, consultant's or agent's activities on behalf of such Person or any of its Affiliates), including Applicable Securities Laws;

"Applicable Securities Laws" means all applicable securities laws in all jurisdictions relevant to the issuance of securities of the Purchaser pursuant to the terms of this Agreement, including the published rules and policies of the CSE;

"Associate" means with respect to any Person: (a) any other Person of which such Person is an officer, director or partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities issued by such other Person, (b) any trust or other estate in which such Person has a ten percent (10%) or more beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity, and (c) any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person or who is a director or officer of such Person or any Affiliate thereof;

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in the Province of British Columbia, Canada are authorized or required by law to close;

"Certificate" has the meaning set forth in Section 2.8;

"Closing" has the meaning set forth in Section 5.1;

"Closing Date" has the meaning set forth in Section 5.1;

"Contract" means any contract, agreement, option, lease, license, commitment or other instrument of any kind, whether written or oral, to which a Person is a party on the Closing Date;

"CSE" means the Canadian Securities Exchange;

"Debt Conversion Agreement" means the debt conversion agreement dated September 25, 2015 between the Target and KWL;

"Disclosure Records" means the disclosure of the Purchaser as filed on SEDAR under the Purchaser's profile at www.sedar.com;

"Effective Time" means the time that the Merger becomes effective under the State Corporation Law;

"Employee" means any current, former, or retired employee, officer or director of a Person;

"Employee Contract" refers to any employment, severance, consulting or similar Contract between an Employee and any Person;

"Employee Plan" refers to any plan, program, policy, practice, Contract or other arrangement providing for bonuses, severance, termination pay, performance awards, stock or stock-related awards, fringe benefits or other benefits of any kind, whether formal or informal, funded or unfunded, and whether or not legally binding, pursuant to which a Person has, or may have, any material Liability, contingent or otherwise;

“ETS” means Extend to Social Media Inc., a company incorporated under the laws of the Province of British Columbia and a wholly owned subsidiary of the Purchaser;

“Exchange Act” means the United States *Securities Exchange Act of 1934*, as amended;

“Execution Date” has the meaning set forth on page 1 of this Agreement;

“Family” with respect to an individual, includes: (a) the individual, (b) the individual’s spouse, (c) any other natural person who is related to the individual or the individual’s spouse within the second degree, and (d) any other natural person who resides with such individual;

“GAAP” means United States generally accepted accounting principles, applied on a consistent basis with prior periods;

“Governmental Body” means any:

- (a) governing body of any nation, state, county, city, town, village, district or other jurisdiction of any nature,
- (b) federal, state, provincial, local, municipal, foreign or other government,
- (c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official or entity and any court or other tribunal),
- (d) multi-national organization or body,
- (e) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature, or
- (f) CSE;

“IFRS” means International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board, applied on a consistent basis with prior periods;

“Indemnified Party” has the meaning set forth in Section 11.3(a);

“Indemnifying Party” has the meaning set forth in Section 11.3(a);

“Intellectual Property” means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the Applicable Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) trademarks, service marks, trade names, brand names, logos, slogans, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of, and symbolized by, and all registrations, applications and renewals for, any of the foregoing, (b) internet domain names, whether or not trademarks, web addresses, web pages, websites and related content, URLs and accounts with Twitter, Facebook and other social media companies, and the content found thereon and related thereto,

(c) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights, (d) inventions, discoveries, trade secrets, business and technical information and know-how, databases, data collections and other confidential and proprietary information and all rights therein, (e) patents (including all reissues, divisionals, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other Governmental Body-issued indicia of invention ownership (including inventor's certificates, petty patents and patent utility models), (f) all licenses for the listed intellectual property granted to third parties; (g) all future income and proceeds from any of the listed intellectual property and from the licenses listed in (f) above; and (h) all rights to damages, royalties and profits by reason of the past, present or future infringement or other misuse of any of the listed intellectual property;

"KWL" means Kerr Wood Leidal Associates Ltd.;

"Legal Requirement" means any Order, constitution, law, ordinance, principle of common law, regulation, statute or treaty of any Governmental Body;

"Letter of Intent" means the letter of intent dated April 8, 2015 and amended April 27, 2015;

"Liabilities" means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person;

"Lien" means any lien, claim, charge, pledge, hypothecation, security interest, mortgage, restriction, assignment, trust or deemed trust, title defect or objection, title retention agreement, option or encumbrance of any nature or kind whatsoever, whether contractual, statutory or otherwise arising, other than: (a) statutory liens for Taxes not yet due and payable, and (b) such imperfections of title, easements and encumbrances, if any, that will not result in a Material Adverse Effect;

"Losses" means any and all demands, claims, actions or causes of action, assessments, losses, damages, Liabilities, costs or expenses, including, without limitation, interest, penalties, fines and reasonable attorneys, accountants and other professional fees and expenses, but excluding any indirect, consequential or punitive damages suffered by a Person, including damages for lost profits or lost business opportunities;

"Material Adverse Effect", when used in connection with a Person, means any change, event, violation, inaccuracy, circumstance or effect that is materially adverse to the business, assets (including intangible assets), Liabilities, capitalization, ownership, financial condition or results of operations of such Person and any Affiliates thereof, other than any change, event, circumstance or effect to the extent resulting from: (a) the announcement of the execution of this Agreement and the transactions contemplated hereby, (b) changes in legal or regulatory conditions generally affecting the Target Business or the Purchaser Business, except that any such change, effect, event or occurrence will be considered in determining whether there has

been, or will be, a Material Adverse Effect if the same disproportionately affects the Target, the Purchaser, the Purchaser Business or the Target Business, or (c) changes in GAAP or IFRS;

“Material Contracts” means those subsisting Contracts, oral or written, entered into by the Target, by which the Target is bound, or to which it or its respective assets are subject, which have total payment obligations on the part of the Target which reasonably can be expected to exceed \$50,000, or are for a term of or in excess of one (1) year;

“Material Interest” means direct or indirect beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) of: (a) voting securities or other voting interests representing at least twenty percent (20%) of the outstanding voting power of a Person, or (b) equity securities or other equity interests representing at least twenty percent (20%) of the outstanding equity securities or equity interests in a Person;

“Merger” means the merger, at the Effective Time, of the Target and the Acquirer pursuant to this Agreement;

“Merger Documents” means the Plan of Merger and the Articles of Merger, in the forms attached hereto as Schedule A and Schedule B, respectively;

“Order” means any award, decision, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by any Governmental Body or arbitrator;

“Organizational Documents” means:

- (a) the certificate of incorporation, articles, bylaws or other constating documents of a Person,
- (b) any charter or similar document adopted or filed in connection with the creation, formation or organization of a Person, and
- (c) any amendment to any of the foregoing;

“Person” includes an individual, sole proprietor, corporation, body corporate, partnership, joint venture, association, trust, unincorporated organization or any other entity, or any trustee, executor, administrator or other legal representative thereof;

“Premises” means those premises that have been occupied or used, or are occupied or used, by the Target in connection with the Target Business;

“Proceeding” means any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, investigative or informal) commenced, brought, conducted, heard by or before, or otherwise involving, any Governmental Body or arbitrator;

“Purchaser Accounting Date” means March 31, 2015;

“Purchaser Board” means the board of directors of the Purchaser;

“Purchaser Business” means the business of the Purchaser as presently conducted;

“**Purchaser Financial Statements**” means the audited financial statements of the Purchaser for the period from January 17, 2014 (date of incorporation) to June 30, 2014, and the unaudited financial statements of the Purchaser for the interim period ended March 31, 2015, all prepared in accordance with IFRS;

“**Purchaser Shares**” means fully paid and non-assessable common shares in the capital of the Purchaser, and “**Purchaser Share**” means any one of them;

“**Purchaser Warrant**” means a warrant of the Purchaser;

“**Purchaser’s Advisors**” has the meaning set forth in Section 9.3(a)(i);

“**Regulation S**” means Regulation S promulgated under the Securities Act;

“**Related Party**” means, with respect to a particular individual:

- (a) each other member of such individual’s Family,
- (b) any Person that is directly or indirectly controlled by such individual or one or more members of such individual’s Family,
- (c) any Person in which such individual or members of such individual’s Family hold (individually or in the aggregate) a Material Interest, or
- (d) any Person with respect to which such individual or one or more members of such individual’s Family serves as a director, officer, partner, executor or trustee (or in a similar capacity), and

with respect to a specified Person other than an individual:

- (e) any Person that directly or indirectly controls, is directly or indirectly controlled by, or is directly or indirectly under common control with such specified Person,
- (f) any Person that holds a Material Interest in such specified Person,
- (g) each Person that serves as a director, officer, partner, executor or trustee of such specified Person (or in a similar capacity),
- (h) any Person in which such specified Person holds a Material Interest,
- (i) any Person with respect to which such specified Person serves as a general partner or a trustee (or in a similar capacity), and
- (j) any Related Person of any individual described in clause (f) or (g);

“**Representatives**” has the meaning set forth in Section 9.9(a);

“**Response Period**” has the meaning set forth in Section 9.10(a)(ii);

“**SEC**” means the United States Securities and Exchange Commission;

“**Securities Act**” means the United States *Securities Act of 1933*, as amended;

“**State Corporation Law**” means the Washington Business Corporation Act, RCW Title 23B;

“**Stock Restriction Agreement**” means an escrow agreement for the Acquisition Shares in a form similar to the escrow agreement dated November 18, 2014 entered into by the Purchaser in connection with its initial public offering, except that 25% of the Acquisition Shares will be released from escrow on the Closing Date, 15% of the Acquisition Shares will be released from escrow on January 21, 2016 and 15% of the Acquisition Shares will be released from escrow every six month thereafter.

“**Superior Proposal**” means any *bona fide*, unsolicited, written Acquisition Proposal made by a Person after the Execution Date (and not obtained in violation of Section 9.9) that relates to the acquisition of 100% of the outstanding Target Shares or substantially all of the consolidated assets of the Target, and: (a) that is reasonably capable of being completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal; (b) that, in the case of an Acquisition Proposal to acquire 100% of the outstanding Target Shares, is made available to all Target Shareholders on the same terms and conditions; (c) that is not subject to a due diligence condition; (d) that is not subject to a financing condition and in respect of which any required financing to complete such Acquisition Proposal has been demonstrated to the satisfaction of the Target Board, acting in good faith, to have been obtained or is reasonably likely to be obtained; and (e) in respect of which the Target Board determines, in its good faith judgment, after consultation with its outside legal and financial advisors, that (i) failure to recommend such Acquisition Proposal to the Target Shareholders would be inconsistent with its fiduciary duties under Applicable Law; and (ii) having regard for all of its terms and conditions, such Acquisition Proposal would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the Target Shareholders from a financial point of view than the transactions contemplated by this Agreement, after taking into account any change to the transactions contemplated by this Agreement proposed by the Purchaser;

“**Surviving Company**” means the Target following the merger with the Acquirer;

“**Target Accounting Date**” means March 31, 2015;

“**Target Board**” means the board of directors of the Target;

“**Target Business**” means all business conducted by the Target (as at the Closing and as existed at any time prior to the Closing) at any time prior to or following the Closing;

“**Target Disclosure Statement**” means the disclosure statement of the Target to be signed and dated by the Target and delivered by the Target to the Purchaser: (a) on the Execution Date, and (b) at the Closing, as updated to the time of Closing;

“Target Financial Statements” means the unaudited financial statements of the Target for the fiscal years ended December 31, 2014 and 2013, and the unaudited financial statements for the interim periods ended March 31, 2015 and 2014, all prepared in accordance with GAAP;

“Target Intellectual Property” means the Target Licensed Intellectual Property and the Target Owned Intellectual Property;

“Target Licensed Intellectual Property” means all Contracts whereby the Target licenses Intellectual Property from any other Person (other than off-the-shelf licenses) as set forth in the Target Disclosure Statement;

“Target Owned Intellectual Property” means: (a) any item set forth in the Target Disclosure Statement that is not Target Licensed Intellectual Property, (b) all Target Technology, and (c) any other Intellectual Property owned by the Target;

“Target Shareholders” means the holders of Target Shares and **“Target Shareholder”** means any one of them;

“Target Shares” means fully paid and non-assessable shares of common stock in the capital of the Target, and **“Target Share”** means any one of them;

“Target Technology” means (a) the Target’s proprietary software (including source code and object code) and applications in the version developed up to and including the date of this Agreement, together with all Intellectual Property rights therein, (b) the Target’s licensed software, and (c) all technical materials relating to the acquisition, design, development, use or maintenance of the Target’s proprietary software and applications including computer code program documentation, source code, design concepts, schematics and specifications necessary to use the Target’s proprietary software and applications and all technical and other materials used in connection with the business of the Target, including, data files, application programming interfaces, display screens, layouts, development tools, instructions, templates, servers, hardware, algorithms, architecture, files, records, schematics, databases and other related specifications and documentation, all of which are developed, licensed or owned by Target and whether completed or in the course of development;

“Target’s Advisors” has the meaning set forth in Section 9.3(b)(i);

“Tax” means any tax (including any income tax, capital gains tax, value-added tax, sales tax, property tax, gift tax or estate tax), levy, assessment, tariff, duty (including any customs duty), deficiency or other fee, and any related charge or amount (including any fine, penalty, interest or addition to tax), imposed, assessed or collected by or under the authority of any Governmental Body, or payable pursuant to any tax-sharing agreement or any other Contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency or fee;

“Tax Return” means any return (including any information return), report, statement, schedule, notice, form or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection or payment of any Tax, or in connection with the administration,

implementation or enforcement of, or compliance with, any Legal Requirement relating to any Tax;

“**Third-Party Claim**” has the meaning set forth in Section 11.3(a);

“**Transaction**” means, collectively: (a) the Merger; and (b) all other transactions contemplated by this Agreement;

“**Transaction Documents**” means this Agreement and any other documents necessary or reasonably required to consummate the transactions contemplated hereby; and

“**U.S. Person**” has the meaning ascribed thereto in Regulation S.

1.2 Schedules

The following are the schedules to this Agreement:

- Schedule A – Plan of Merger
- Schedule B – Articles of Merger
- Schedule C – Certificate of U.S. Target Shareholder
- Schedule D – Certificate of Non-U.S. Target Shareholder

1.3 Interpretation

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

- (a) all references in this Agreement to a designated article, section or schedule is to the designated article, section or schedule of or to this Agreement, unless otherwise specifically stated;
- (b) the words “herein”, “hereof” and “hereunder”, and other words of similar import, refer to this Agreement as a whole and not to any particular article, section or schedule;
- (c) the singular of any term includes the plural and vice versa, and the use of any term is equally applicable to any gender and any Person;
- (d) the word “or” is not exclusive and the word “including” is not limiting (whether or not non-limiting language such as “without limitation” or “but not limited to” or other words of similar import are used with reference thereto);
- (e) all accounting terms not otherwise defined in this Agreement have the meanings assigned to them in accordance with GAAP or IFRS, as applicable, applied on a consistent basis with prior periods;
- (f) except as otherwise provided, any reference to a statute includes, and is a reference to, such statute and to the regulations made pursuant thereto with all amendments made thereto and in force from time to time, and to any statute or

regulations that may be passed which have the effect of supplementing or superseding such statute or such regulations;

- (g) where the phrase "to the best of the knowledge of" or phrases of similar import are used in this Agreement, it will be a requirement that the Person in respect of whom the phrase is used will have made such due enquiries as are reasonably necessary to enable such Person to make the statement or disclosure;
- (h) the headings to the articles and sections of this Agreement are inserted for convenience of reference only and do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;
- (i) any reference to a corporate entity includes, and is also a reference to, any corporate entity that is a successor to such entity;
- (j) the Parties acknowledge that this Agreement is the product of arm's length negotiation among the Parties, each having obtained its own independent legal advice, and that this Agreement will be construed neither strictly for nor strictly against any Party, irrespective of which Party was responsible for drafting this Agreement;
- (k) the representations, warranties, covenants and agreements contained in this Agreement will not merge at the Closing and will continue in full force and effect from and after the Closing for the applicable period set out in this Agreement; and
- (l) unless otherwise specifically noted, all references to currency in this Agreement are to Canadian dollars (\$). If it is necessary to convert money from another currency to Canadian dollars, such money will be converted using the exchange rates in effect at the date of payment.

ARTICLE 2 **THE MERGER**

2.1 Effective Time of the Merger

Subject to the provisions of this Agreement, the Acquirer will be merged with and into the Target. A Plan of Merger and those Articles of Merger in substantially the forms attached hereto as Schedule A and Schedule B, respectively, will be executed by the parties and thereafter delivered to the Secretary of the State of Washington, for filing, in accordance with Section 5.1. The Merger will become effective upon the filing of the Merger Documents with the Secretary of State of Washington or at such time thereafter as is provided in the Merger Documents.

2.2 Effect of Merger

- (a) Existence. At the Effective Time, the Acquirer will be merged with and into the Target pursuant to this Agreement and the Merger Documents and the separate corporate existence of the Acquirer will cease and the Target, as it exists from and after the Closing, will be the Surviving Company.
- (b) Articles of Incorporation, Bylaws, Directors and Officers. At the Effective Time (i) the articles of incorporation of the Surviving Company will be amended in their entirety in the form of the amended articles of incorporation attached as Exhibit A to the Plan of Merger, attached hereto as Schedule A, (ii) the bylaws of the Surviving Company will be the bylaws of the Target immediately prior to the Effective Time, (iii) the directors of the Surviving Company will be the directors of the Target immediately prior to the Effective Time, (iv) the officers of the Surviving Company will be the officers of the Target immediately prior to the Effective Time, and (v) the Merger will, from and after the Effective Time, have all the effects provided by applicable law.
- (c) Effect. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time (i) all the rights, privileges, immunities, powers and franchises, of a public as well as of a private nature, and all property, real, personal and mixed, and all debts due on whatever account, including without limitation subscriptions to shares, and all other choses in action, and all and every other interest of or belonging to or due to the Target or the Acquirer, as a group, subject to the terms hereof, will be taken and deemed to be transferred to, and vested in, the Surviving Company without further act or deed; and all property, rights and privileges, immunities, powers and franchises and all and every other interest will be thereafter as effectually the property of the Surviving Company, as they were of the Target and the Acquirer, as a group, and (ii) all debts, liabilities, duties and obligations of the Target and the Acquirer, as a group, subject to the terms hereof, will become the debts, liabilities and duties of the Surviving Company and the Surviving Company will thenceforth be responsible and liable for all debts, liabilities, duties and obligations of the Target and the Acquirer, as a group, and neither the rights of creditors nor any liens upon the property of the Target or the Acquirer, as a group, will be impaired by the Merger, and may be enforced against the Surviving Company.

2.3 Conversion of Securities

At the Effective Time, by virtue of the Merger and without any action on the part of the Acquirer, the Target or the Target Shareholders, the shares of capital stock of each of the Target and the Acquirer will be converted as follows:

- (a) Capital Stock of the Acquirer. Each issued and outstanding share of the Acquirer's capital stock will continue to be issued and outstanding and will be converted into one (1) share of validly issued, fully paid, and non-assessable common stock of the Surviving Company. Each stock certificate of the Acquirer

evidencing ownership of any such shares will continue to evidence ownership of such shares of capital stock of the Surviving Company.

- (b) Conversion of the Target Shares. Each Target Share that is issued and outstanding at the Effective Time will automatically be cancelled and extinguished and (other than a Dissenting Share) converted, without any action on the part of the holder thereof, into a number of Acquisition Shares equal to (i) the total number of Acquisition Shares divided by (ii) the number of Target Shares outstanding immediately prior to Closing. No fraction of an Acquisition Share will be issued pursuant to this Agreement. Any such fraction that would result from the Merger will be rounded down to the lower whole number. All such Target Shares, when so converted, will no longer be outstanding and will automatically be cancelled and retired and will cease to exist, and a certificate representing any such shares will except as provided in Section 2.4 below, be deemed to represent the right to receive a certificate representing the Acquisition Shares upon the surrender of such certificate to the Purchaser in accordance with this Agreement. As of the Effective Time, each share of the capital stock of the Target held as treasury stock and each share of capital stock of the Acquirer authorized but not issued will be automatically canceled and retired and will cease to exist and no consideration will be delivered or deliverable in exchange therefor.

2.4 Dissenters' Rights

Notwithstanding any provision of this Agreement to the contrary, each outstanding Target Share, the holder of which has demanded and perfected such holder's right to dissent from the Merger and to be paid the fair value of such share in accordance with RCW 23B.13 as of the Effective Time ("**Dissenting Share**"), and which has not effectively withdrawn or lost such dissenters' right, will not be converted into any of the Acquisition Shares, but the holder thereof will be entitled only to such rights as are granted by the State Corporation Law; provided, however, that any holder of Dissenting Shares who will have failed to perfect or will have withdrawn or lost his, her or its dissenters' rights with respect to such Dissenting Shares, in each case under the State Corporation Law, will forfeit the right to appraisal of such Dissenting Shares, and such Dissenting Shares will be deemed to have been converted into, as of the Effective Time, the applicable Acquisition Shares, at such times and in such percentages as such Acquisition Shares are received by other Target Shareholders. The Target shall give the Purchaser prompt written notice of any notice of intent to demand dissenters' rights pursuant to the State Corporation Law and received by the Target. The Target hereby covenants that it will provide to each holder of Target Shares such notices as required by and in accordance with RCW 23B.13. Notwithstanding anything to the contrary contained in this Section 2.4 if the Merger is rescinded or abandoned, then the right of any holder of Target Shares to be paid the fair value of such Dissenting Shares will cease. The Surviving Company shall comply with all of its obligations under the State Corporation law with respect to holders of Dissenting Shares, and as of the Effective Time, the Purchaser hereby assumes any obligation in connection with payment of fair value for such Dissenting Shares and all expenses in connection with the Surviving Company's dissenters' rights obligations as provided in RCW 23B.13.

2.5 Closing of the Target's Transfer Books

At the close of business on the day prior to the Effective Time, the stock transfer books of the Target will be deemed closed, except that the Target will be allowed to issue the Target Shares in accordance with the Debt Conversion Agreement after the stock transfer books of the Target are deemed closed. At and after the Effective Time, there will be no registration of transfers of shares of the Target capital stock which were outstanding immediately prior to the Effective Time on the stock transfer books of the Surviving Company. From and after the Effective Time, the holders of shares of Target capital stock outstanding immediately prior to the Effective Time will cease to have any rights with respect to such shares of capital stock, except as otherwise provided in this Agreement or by applicable law.

2.6 Issuance of Certificates Representing the Acquisition Shares

As promptly as practicable after the Effective Time, but in no event more than five business days following the Effective Time, the Purchaser shall instruct the escrow agent for the Stock Restriction Agreement to mail or deliver certificates representing the Acquisition Shares in accordance with the terms of the Stock Restriction Agreement.

2.7 Restricted Securities

The Target acknowledges that the Acquisition Shares issued pursuant to the terms and conditions set forth in this Agreement will have such hold periods as are required under Applicable Securities Laws, and, as a result, may not be sold, transferred or otherwise disposed of, except pursuant to an effective registration statement or prospectus, or pursuant to an exemption from, or in a transaction not subject to, the registration or prospectus requirements of Applicable Securities Laws, and in each case only in accordance with all Applicable Securities Laws.

2.8 Exemptions

The Acquisition Shares to be issued in the Merger are intended to be exempt from the registration and prospectus requirements of the Applicable Securities Laws. The Target shall obtain and deliver to the Purchaser, on or before the Closing Date, a fully completed and executed Certificate of U.S. Shareholder in the form attached hereto as Schedule C or Certificate of Non-U.S. Shareholder in the form attached hereto as Schedule D, as applicable, (the "**Certificate**") from each Target Shareholder in order to, among other things, evidence the availability of such exemptions.

ARTICLE 3 **REPRESENTATIONS AND WARRANTIES OF THE TARGET**

The Target makes the following representations to the Purchaser, as at the Execution Date and as at the Closing, and acknowledges and agrees that the Purchaser is relying upon such representations and warranties, each of which is qualified in its entirety by the matters described in the Target Disclosure Statement, in connection with the execution, delivery and performance of this Agreement:

3.1 Organization and Good Standing

- (a) The Target is a corporation duly organized, validly existing and in good standing under the laws of the State of Washington.
- (b) The Target has full corporate power, authority and capacity to conduct its business as it has been and is presently conducted, to own, operate or use the properties and assets that it purports to own, operate or use, and to perform all of its obligations under any applicable Contracts. The Target is duly qualified to do business as a corporation and is in good standing under the laws of each state or other jurisdiction in which the failure to be so registered would be likely to result in a Material Adverse Effect on it or the Target Business.
- (c) The Target Disclosure Statement sets forth each jurisdiction in which the Target is licensed or qualified to do business, and the Target is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the respective properties and assets owned or leased by it or the operation of its respective business as currently conducted makes such licensing or qualification necessary.

3.2 Capitalization

The entire authorized and issued capital stock and other debt or equity securities of the Target is as set out in the Target Disclosure Statement. To the Target's knowledge, all of the issued and outstanding Target Shares are owned of record and beneficially by the Target Shareholders, free and clear of all Liens. All of the outstanding equity securities of the Target have been duly authorized and validly issued and are fully paid and non-assessable. None of the outstanding securities of the Target were issued in violation of any Applicable Securities Laws or any other Legal Requirement. The Target does not own, or have any Contract to acquire, any equity securities or other securities of any Person, or any direct or indirect equity or ownership interest in any other business. Other than as set out in this Agreement or the Target Disclosure Statement, there are no Contracts purporting to restrict the transfer of any of the issued and outstanding Target Shares or any other securities of the Target, or restricting or affecting the voting of any of the Target Shares or any other securities of the Target to which the Target is a party, or of which the Target is aware. There is no published market for any of the Target Shares.

3.3 Absence of Rights to Acquire Securities

Other than as set out in this Agreement or the Target Disclosure Statement, no Person has any Contract or right, present or future, contingent, absolute or capable of becoming a Contract, or right, or which, with the passage of time or the occurrence of any event could become a Contract or right:

- (a) to require the Target to issue any further or other shares in its capital or any other security convertible or exchangeable into shares in its capital or to convert or exchange any securities into or for shares in its capital;

- (b) for the issue or allotment of any unissued shares in the capital of the Target;
- (c) to require the Target to purchase, redeem or otherwise acquire any of the issued and outstanding shares in the capital of the Target; or
- (d) to acquire the Target Shares or any of them.

3.4 Authority

The Target has all requisite power and authority to execute and deliver the Transaction Documents to be signed by it and to perform its obligations thereunder and to consummate the transactions contemplated hereby. The execution and delivery of each of the Transaction Documents by the Target, and the consummation of the transactions contemplated hereby, have been duly authorized by the Target Board. No other corporate or shareholder proceedings on the part of the Target are necessary to authorize such documents or to consummate the transactions contemplated hereby. This Agreement has been, and the other Transaction Documents when executed and delivered by the Target as contemplated by this Agreement will be, duly executed and delivered by the Target, and this Agreement is, and the other Transaction Documents when executed and delivered by the Target as contemplated hereby will be, valid and binding obligations of the Target, enforceable against the Target in accordance with their respective terms.

3.5 No Conflict

Except as set out in the Target Disclosure Statement, neither the execution and delivery of this Agreement nor the consummation or performance of any of the transactions contemplated herein will, directly or indirectly (with or without notice or lapse of time or both):

- (a) contravene, conflict with, or result in a violation of any provision of the Organizational Documents of the Target or any resolution adopted by the Target Board or the Target Shareholders;
- (b) contravene, conflict with, or result in a violation of, or give any Governmental Body or other Person the right to challenge any of the transactions contemplated herein or to exercise any remedy or obtain any relief under, any Legal Requirement or any Order to which the Target or any of its assets may be subject;
- (c) contravene, conflict with, or result in a violation of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate or modify, any governmental authorization that is held by the Target or that otherwise relates to the Target Business or any of the assets owned or used by, the Target;
- (d) cause the Purchaser or the Target to become subject to, or to become liable for the payment of, any Tax;
- (e) cause any of the assets owned or used by the Target to be reassessed or revalued by any taxing authority or other Governmental Body;

- (f) contravene, conflict with, or result in a violation or breach of any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate, or modify, any Material Contract;
- (g) result in the imposition or creation of any Liens upon or with respect to any of the assets owned or used by the Target; or
- (h) require the Target to obtain any consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the transactions contemplated herein.

3.6 Subsidiaries

The Target has no subsidiaries nor any material interest in any other Person.

3.7 Financial Statements

- (a) The Target Financial Statements:
 - (i) are in accordance with the books and records of the Target;
 - (ii) present fairly the financial condition of the Target, on a consolidated basis, as of the respective dates indicated and the results of operations for such periods; and
 - (iii) have been prepared in accordance with GAAP and reflect the consistent application of GAAP throughout the periods involved.
- (b) All material financial transactions of the Target have been accurately recorded in the books and records of the Target and such books and records fairly present the financial position and the affairs of the Target.
- (c) Other than the costs and expenses incurred in connection with the negotiation and consummation of the transactions contemplated herein, the Target has no material Liabilities or obligations, net of cash, which:
 - (i) are not set forth in the Target Financial Statements or have not heretofore been paid or discharged;
 - (ii) did not arise in the regular and ordinary course of business under any Contract or plan specifically disclosed in writing to the Purchaser; or
 - (iii) have not been incurred in amounts and pursuant to practices consistent with past business practice, in or as a result of the regular and ordinary course of its business since the Target Accounting Date, and otherwise disclosed in writing to the Purchaser.

- (d) Except to the extent reflected or reserved against in the Target Financial Statements or incurred subsequent to the Target Accounting Date in the ordinary and usual course of the Target Business, the Target has no outstanding indebtedness, Liabilities or obligations, and any Liabilities or obligations incurred by the Target in the ordinary and usual course of business since the Target Accounting Date have not had a Material Adverse Effect on the Target or the Target Business.
- (e) Since the Target Accounting Date, there have not been:
 - (i) any changes in the condition or operations of the Target Business, or the assets or financial affairs of the Target which have caused, individually or in the aggregate, a Material Adverse Effect on the Target or the Target Business; or
 - (ii) any damage, destruction or loss, labour trouble or other event, development or condition, of any character (whether or not covered by insurance), which is not generally known or which has not been disclosed to the Purchaser, which has or may cause a Material Adverse Effect on the Target or the Target Business.
- (f) Since the Target Accounting Date, and other than as contemplated by this Agreement or as set out in the Target Disclosure Statement, the Target has not:
 - (i) transferred, assigned, sold or otherwise disposed of any of the assets shown or reflected in the Target Financial Statements or cancelled any debts or claims;
 - (ii) incurred or assumed any Liability;
 - (iii) issued or sold any shares in its capital or any warrants, bonds, debentures or other corporate securities, or issued, granted or delivered any right, option or other commitment for the issue of any such or other securities;
 - (iv) discharged or satisfied any Liens, or paid any Liabilities, other than current Liabilities or the current portion of long term Liabilities disclosed in the Target Financial Statements, or current Liabilities incurred since the date thereof in the ordinary and usual course of business;
 - (v) declared, made, or committed itself to make any payment of any dividend or other distribution in respect of any of its shares, nor has it purchased, redeemed, subdivided, consolidated, or reclassified any of its shares;
 - (vi) made any gift of money or of any assets to any Person;
 - (vii) purchased or sold any assets outside of the ordinary course of business;

- (viii) amended or changed, or taken any action to amend or change, its Organizational Documents;
 - (ix) made payments of any kind to or on behalf of either a Target Shareholder or any Related Parties of a Target Shareholder, nor under any management agreement, save and except business related expenses and salaries in the ordinary and usual course of business and at the regular rates payable;
 - (x) created, incurred, assumed or guaranteed any indebtedness for money borrowed, or subjected any of the material assets or properties of the Target to any Lien of any nature whatsoever;
 - (xi) made or suffered any amendment or termination of any Material Contract, or cancelled, modified or waived any substantial debts or claims held by it or waived any rights of substantial value, other than in the ordinary course of business;
 - (xii) increased the salaries or other compensation of, or made any advance (excluding advances for ordinary and necessary business expenses) or loan to, any of its Employees, directors or officers or made any increase in, or any addition to, other benefits to which any of its Employees, directors or officers may be entitled;
 - (xiii) adopted, or increased the payments to or benefits under, any Employee Plan; or
 - (xiv) authorized or agreed, or otherwise have become committed, to do any of the foregoing.
- (g) The Target has no guarantees, indemnities or contingent or indirect obligations with respect to the Liabilities or obligations of any other Person, including any obligation to service the debt of, or otherwise acquire an obligation of, another Person, or to supply funds to, or otherwise maintain any working capital or other balance sheet condition of, any other Person.
- (h) To the best knowledge of the Target, the Target is not a party to, bound by or subject to any Contract or Legal Requirement that would be violated or breached by, or under which default would occur, or which could be terminated, cancelled or accelerated, in whole or in part, as a result of the execution and delivery of this Agreement or the consummation of any of the transactions provided for in this Agreement.

3.8 Books and Records

The books of account, minute books, stock record books and other records of the Target are complete and correct and have been maintained in accordance with sound business practices, including the maintenance of an adequate system of internal controls. The minute books of the

Target contain accurate and complete records of all meetings held, and corporate action taken by, the Target Shareholders, the Target Board, and committees thereof, and no meeting of any of the foregoing has been held for which minutes have not been prepared and are not contained in such minute books. At the Closing, all of those books and records will be in the possession of the Target.

3.9 Title to Personal Property

The Target possesses, and has good and marketable title to, all personal property reasonably necessary for the continued operation of the Target Business as presently conducted and as represented to the Purchaser, including all assets reflected in the Target Financial Statements or acquired since the Target Accounting Date. All such property is in reasonably good operating condition (normal wear and tear excepted), and is reasonably fit for the purposes for which such property is presently used. All material equipment, furniture, fixtures and other tangible personal property and assets owned or leased by the Target are owned by the Target free and clear of all Liens, except as disclosed in the Target Disclosure Statement.

3.10 Title to Real Property

The Target possesses, and has good and marketable title to, all real property and leaseholds or other such interests necessary for the continued operation of the Target Business as presently conducted and as represented to the Purchaser, including all real property and leaseholds reflected in the Target Financial Statements or acquired since the Target Accounting Date, except to the extent that such failure to possess or have good and marketable title does not result in a Material Adverse Effect. All such property is reasonably fit for the purposes for which such property is presently used. All material real property and leaseholds are owned or leased by the Target free and clear of all Liens, except as disclosed in the Target Disclosure Statement. The Target has delivered or made available to the Purchaser copies of the deeds and other instruments (as recorded) by which the Target acquired such real property and interests, and copies of all title insurance policies, opinions, abstracts and surveys in the possession of the Target relating to such property and interests.

3.11 Intellectual Property

- (a) The Target Disclosure Statement lists all: (i) Target Intellectual Property and Target Technology, that are registered and (ii) Target Intellectual Property and Target Technology, that are not registered but that is used in the Target's business or operations. All required filings and fees related to the Target Intellectual Property and Target Technology have been timely filed with, and paid to, the relevant Governmental Bodies, and all Target Intellectual Property and Target Technology are otherwise in good standing. The Target has provided the Purchaser with true and complete copies of file histories, documents, certificates, office actions, correspondence and other materials related to all Target Intellectual Property and Target Technology.
- (b) The Target Intellectual Property and Target Technology are subsisting, valid and enforceable, and the Target has not received notice of any Proceeding challenging the extent, validity, enforceability or the Target's ownership of any

Target Intellectual Property and Target Technology, in whole or in part, and (ii) in the case of applications for Target Intellectual Property and Target Technology, pending, the Target has not received notice of any Proceeding seeking to oppose any such application, or have any such application canceled, re-examined or found invalid, in whole or in part.

- (c) The Target Disclosure Statement lists all Contracts regarding, or related to, the Target Intellectual Property and the Target Technology including the Target Licensed Intellectual Property. The Target has provided the Purchaser with true and complete copies of all such Contracts, including all modifications, amendments and supplements thereto and waivers thereunder. Each of such Contracts is valid and binding on the Target in accordance with its terms and is in full force and effect. Neither the Target nor any other party to any such Contract is in breach of, or default under (or is alleged to be in breach of or default under), or has provided or received any notice of breach or default of, or any intention to terminate, any such Contract. The Target has not permitted or licensed any Person to use any of the Target Owned Intellectual Property or the Target Technology except as set forth in the Target Disclosure Statement. Except pursuant to the terms of the Contracts, the Target has not agreed to indemnify any Person against any charge of infringement or other violation with respect to Intellectual Property.
- (d) Except as set forth in the Target Disclosure Statement, the Target is the sole and exclusive legal and beneficial, and with respect to the Target Owned Intellectual Property, record, owner of all right, title and interest in and to the Target Intellectual Property and Target Technology, and has the valid right to use all other Intellectual Property and Target Technology used in or necessary for the conduct of the Target's current business or operations, in each case, free and clear of encumbrances. Without limiting the generality of the foregoing, the Target has entered into binding, written Contracts with every current and former Employee of the Target, and with every current and former independent contractor or consultant to the Target, whereby such Employee(s), contractor(s) and consultant(s): (i) have assigned to the Target any ownership interest and right they may have in the Target Intellectual Property and Target Technology, and have waived any moral rights or any rights to similar effect in any country or at common law they may have therein for the benefit of the Target; (ii) have acknowledged the Target's exclusive ownership of all Target Intellectual Property and the Target Technology, and (iii) have entered into nondisclosure agreements pursuant to which they have agreed to maintain the confidentiality of the Target Intellectual Property and Target Technology. The Target has provided the Purchaser with true and complete copies of all such Contracts.
- (e) Except as otherwise disclosed in this Agreement, the consummation of the transactions contemplated in this Agreement will not result in the loss or impairment of, or payment of any additional amounts with respect to, nor require the consent of any other Person in respect of, the Target's right to own, use or hold for use any Intellectual Property or the Target Technology as owned,

used or held for use in the conduct of the Target's business or operations as currently conducted.

- (f) The Target's rights in the Target Intellectual Property and the Target Technology are valid, subsisting and enforceable. The Target has taken all reasonable steps to maintain the Target Intellectual Property and the Target Technology and to protect and preserve the confidentiality of all trade secrets included in the Target Intellectual Property and Target Technology, including requiring all Persons having access thereto to execute written non-disclosure Contracts.
- (g) The conduct of the Target's business as currently and formerly conducted, and the products, processes and services of the Target, have not infringed, misappropriated, diluted or otherwise violated, and do not and will not infringe, dilute, misappropriate or otherwise violate the Intellectual Property or other rights of any Person. No Person has infringed, misappropriated, diluted or otherwise violated, or is currently infringing, misappropriating, diluting or otherwise violating, any Target Intellectual Property or Target Technology.
- (h) The Target has provided the Purchaser with all technical documentation with respect to all Target Technology, including the source code and system documentation for such Target Technology, as well as any pertinent commentary or explanation that may be necessary to render such materials understandable and usable by a computer programmer experienced in the use of the Target Technology. Such technical documentation also includes a description of any Target Technology (including compilers), tools, and higher level language used for the development, maintenance and implementation of the Target Technology.
- (i) Except as set forth in the Target Disclosure Statement, all of the Target Intellectual Property and Target Technology is either: (i) owned solely by the Target, free and clear of any encumbrances; or (ii) rightfully used and authorized for use by the Target pursuant to a valid and enforceable written license. Except as noted in the Target Disclosure Statement, the Target Intellectual Property and Target Technology constitute all of the Intellectual Property necessary to carry on the business of the Target by the Purchaser following the Closing, consistent with the manner in which it was conducted prior to the Closing, and the Target is not obligated to provide any consideration (whether financial or otherwise) to any other Person nor is any other Person otherwise entitled to any consideration, with respect to any exercise of rights by the Target or the Purchaser in the Target Intellectual Property or Target Technology (other than with respect to maintenance costs associated with the Target Owned Intellectual Property and license fees and other payments associated with the Target Licensed Intellectual Property).
- (j) There is no Proceeding(s) (including any oppositions, interferences or re-examinations) settled, pending or threatened (including in the form of offers to obtain a license): (i) alleging any infringement, misappropriation, dilution or violation of the Intellectual Property of any Person by the Target; (ii) challenging the validity, enforceability, registrability or ownership of any Target Intellectual

Property or the Target's rights with respect to any Target Intellectual Property or Target Technology; or (iii) by the Target or any other Person alleging any infringement, misappropriation, dilution or other violation by any Person of the Target Intellectual Property, and the Target is not party to any other Proceeding with respect to any Target Intellectual Property or Target Technology or any other rights arising with respect to any Intellectual Property.

- (k) The Target is not subject to any outstanding or prospective Order of any Governmental Body (including any motion or petition therefor) that does or would restrict or impair the use of any Target Intellectual Property or Target Technology.
- (l) All of the Target Technology is original work. None of the Target Technology owned or purported to be owned by the Target was developed: (i) using any open source software in a manner that would cause such Target Technology to be dedicated to the public or subject to unrestricted use; (ii) using any funding from, or the facilities of, any Governmental Body, or college, university or other higher education institution or (iii) requires the use of any third party confidential or other proprietary rights, including software development tools and utilities. The Target Technology contains all components necessary for the continued development, operation and maintenance of the Target Technology as currently used in the business and operations of the Target.
- (m) The Target Technology is in good operating condition and is materially and substantially free from errors and design and operating defects. All source code for the software comprising part of the Target Technology is sufficiently documented to enable a reasonably skilled software developer to understand, modify, compile and otherwise utilize all aspects of the related software without reference other sources of information, except for tools, language, compiler or other programs generally needed to compile or run source code.
- (n) The Target Technology does not contain or otherwise make use of any encryption, enciphering or other similar technology, have encryption capability or perform any encryption function.
- (o) No portion of the Target Technology contains any disabling mechanism or protection feature designed to prevent its use, computer virus, worm, software lock, drop dead device, Trojan horse routine, trap door, time bomb or any other codes or instructions that may be used to access, modify, delete, damage or disable any computer system on which any of the Target Technology is installed or in connection with which they may operate.
- (p) The consummation of the Transaction will not alter, impair or otherwise adversely affect any rights or obligations of the Target in any of the Target Intellectual Property or Target Technology, and, from and after the consummation of the Transaction, the Purchaser will be able to maintain all of the Target's rights thereto as they existed at the Closing Date, without modification or impairment.

- (q) No third-party licensed Target Licensed Intellectual Property is subject to revocation or termination upon a change of control of the Target. Except for the Target Licensed Intellectual Property, Target is not required to pay any royalty or other fees to any other Person.
- (r) The Target has not provided, nor, prior to the Closing, is the Target obligated to provide, directly or indirectly, the source code for any of the Target Technology to any other Person. Moreover, except for the License and Escrow Agreement dated September 25, 2015, between the Target and KWL, the Target has not, by license, transfer, sale, escrow or otherwise, permitted any other Person to reverse engineer, disassemble or decompile any of the Target Technology.

3.12 Accounts Receivable

All accounts receivable of the Target that are reflected on the balance sheet included in the Target Financial Statements or on the accounting records of the Target as of the Closing have been recorded by the Target in accordance with its usual accounting practices consistent with prior periods, and represent or will represent valid obligations arising from sales actually made or services actually performed in the ordinary course of business. To the best knowledge of the Target, such accounts receivable are, or will be as of the Closing, current and collectible, net of the respective reserves shown on the balance sheet included in the Target Financial Statements or on the accounting records of the Target. The reserve taken for doubtful or bad debtor accounts is adequate based on the past experience of the Target and is consistent with the accounting procedures used in previous fiscal periods. There is nothing which would indicate that such reserves are not adequate or that a higher reserve should be taken. There is no contest, claim, or right of set-off, other than returns in the ordinary course of business, under any Contract with any obligor of any such account receivable relating to the amount or validity of such account receivable. The Target Disclosure Statement contains a complete and accurate list of all such accounts receivable as of the Execution Date or the Closing, as applicable, which list sets forth the aging of such accounts receivable.

3.13 Material Contracts

The Target has provided the Purchaser with all Material Contracts entered into by the Target in the course of carrying on the Target Business, a list of which is included in the Target Disclosure Statement. The Target is not party to or bound by any other Material Contract, whether oral or written, and the Material Contracts are all valid and subsisting, in full force and effect and unamended, no material default or violation exists in respect thereof on the part of the Target or, to the best of the knowledge of the Target, on the part of any of the other parties thereto. The Target is not aware of any intention on the part of any of the other parties thereto to terminate or materially alter any such Contracts or any event that, with notice or the lapse of time, or both, will create a material breach or violation thereof, or default under any such Contracts. To the best knowledge of the Target, the continuation, validity, and effectiveness of each Material Contract will in no way be affected by the consummation of the transactions contemplated by this Agreement. There exists no actual or threatened termination, cancellation, or limitation of, or any amendment, modification, or change to any Material Contract to which the Target is a party.

3.14 Tax Matters

- (a) The Target has filed or caused to be filed all Tax Returns that are or were required to be filed by or with respect to it, either separately or as a member of a group of corporations, pursuant to all applicable statutes and other Legal Requirements. The Target has made available to the Purchaser copies of all such Tax Returns filed by the Target. The Target has not given, or been requested to give, waivers or extensions (or is or would be subject to a waiver or extension given by any other Person) of any statute of limitations relating to the payment by the Target, or for which the Target may be liable.
- (b) All Taxes that the Target is or was required to withhold or collect have been duly withheld or collected and, to the extent required, have been paid to the proper Governmental Body or other Person.
- (c) All Tax Returns filed by (or that include on a consolidated basis) the Target are true, correct, and complete. There is no tax sharing agreement that will require any payment by the Target after the Execution Date.
- (d) The Target has paid all Taxes that have become or are due with respect to any period ended on or prior to the Execution Date and has established an adequate reserve therefore in the Target Financial Statements for those Taxes not yet due and payable, except for: (i) any Taxes the non-payment of which will not have a Material Adverse Effect on the Target, and (ii) such Taxes, if any, as are listed in the Target Disclosure Statement and are being contested in good faith and as to which adequate reserves (determined in accordance with GAAP) have been provided in the Target Financial Statements.
- (e) The Target is not presently under, nor has received notice of, any contemplated investigation or audit by any Governmental Body concerning any fiscal year or period ended prior to the Execution Date.
- (f) The Target Financial Statements contain full provision for all Taxes, including any deferred Taxes that may be assessed to the Target.

3.15 No Agents

No broker, agent or other intermediary has been engaged by the Target in connection with the transactions contemplated hereby and, consequently, no commission is payable or due to a third party from the Target.

3.16 Employment Matters

- (a) The Target Disclosure Statement includes a list of each Employee of the Target, which includes: (i) the name of each Employee (except as prohibited under Applicable Laws), (ii) their current position and any prior positions held with the Target and any predecessor thereof, (iii) the date of their initial commencement

of employment with the Target or any predecessor thereof, (iv) their current salary, and (v) their term of employment.

- (b) The Target has made available to the Purchaser:
 - (i) correct and complete copies of all documents embodying each Employee Plan and each Employee Contract with respect to the Target, including all amendments thereto, and copies of all documents used in connection therewith, a list of which is included in the Target Disclosure Statement;
 - (ii) the most recent annual actuarial valuations, if any, prepared for each Employee Plan of the Target;
 - (iii) if any Employee Plan of the Target is funded, the most recent annual and periodic accounting of such Employee Plan assets; and
 - (iv) all communications material to any Employee of the Target relating to any Employee Plan and any proposed Employee Plan, in each case, relating to any amendments, terminations, establishments, increases or decreases in benefits, acceleration of payments or vesting schedules or other events which would result in any material liability to the Target.
- (c) The Target has performed, in all material respects, all obligations required to be performed by it under, is not in default or violation of, and has no knowledge of any default or violation by another party to any Employee Plan, and all Employee Plans have been established and maintained in all material respects in accordance with their respective terms and in substantial compliance with all Applicable Laws. There are no actions, suits or claims pending, or, to the knowledge of the Target, threatened or anticipated (other than routine claims for benefits), against any Employee Plan or against the assets of any Employee Plan. The Employee Plans can be amended, terminated or otherwise discontinued after the Closing in accordance with their terms, without liability to the Target, the Purchaser or any Affiliate thereof (other than ordinary administration expenses typically incurred in a termination event). There are no audits, inquiries or proceedings pending or, to the knowledge of the Target, threatened, by any Governmental Body.
- (d) The execution of this Agreement and the consummation of the transactions contemplated hereby will not (either alone or upon the occurrence of any additional or subsequent events) constitute an event under an Employee Plan, Employee Contract, trust or loan that will or may result in any payment (whether of severance pay or otherwise), acceleration, forgiveness of indebtedness, vesting, distribution, increase in benefits or obligation to fund benefits with respect to any Employee of the Target.

- (e) The Target:
- (i) is in compliance in all material respects with all Applicable Laws respecting employment, employment practices, terms and conditions of employment and wages and hours with respect to all of its Employees;
 - (ii) has withheld all amounts required by law or by agreement to be withheld by it from the wages or salaries of, and other payments to, Employees;
 - (iii) is not liable for any arrears of wages, taxes or any penalty for failure to comply with any of the foregoing;
 - (iv) is not liable for any payment to any trust or other fund or to any Governmental Body with respect to unemployment compensation benefits, social security or other benefits for its Employees (other than routine payments to be made in the normal course of business and consistent with past practice);
 - (v) has provided its Employees with all wages, benefits, stock options, bonuses, incentives and all other compensation that are, or have become, due and payable through to the Closing; and
 - (vi) represents that in the last three (3) years, no citation has been issued by any federal, state or provincial occupational safety and health board or agency against it, and no notice of contest, claim, complaint, charge, investigation or other administrative enforcement proceeding involving it has been filed or is pending or, to its knowledge, threatened, against it under any Applicable Law relating to occupational safety and health.
- (f) No work stoppage, labour strike or other “concerted action” involving Employees of, or against, the Target is pending or, to the knowledge of the Target, threatened. The Target is not involved in, nor, to the knowledge of the Target, threatened with, any labour dispute, grievance, or litigation relating to labour, safety or discrimination matters involving any Employee of the Target, including, without limitation, charges of unfair labour practices or discrimination complaints, which, if adversely determined, would, individually or in the aggregate, result in a Material Adverse Effect on the Target or the Target Business. The Target is not presently, nor has been in the past, a party to, or bound by, any collective bargaining agreement or union contract with respect to any Employees, and no collective bargaining agreement is being negotiated. There are no activities or proceedings of a labour union to organize any of the Employees of the Target.
- (g) Except for claims by Employees under any applicable workers’ compensation or similar legislation which, if adversely determined, would not, either individually or in the aggregate, have a Material Adverse Effect on the Target, there are no complaints, claims or charges pending or outstanding or, to the best of the knowledge of the Target, anticipated, nor are there any orders, decisions,

directions or convictions currently registered or outstanding by any tribunal or agency against, or in respect of, the Target under or in respect of any employment legislation. The Target Disclosure Statement lists all Employees in respect of whom the Target has been advised by any workers compensation or similar authority that such Employees are in receipt of benefits under workers' compensation or similar legislation. There are no appeals pending before any workers compensation or similar authority involving the Target, and all levies, assessments and penalties made against the Target pursuant to workers' compensation or similar legislation have been paid. The Target is not aware of any audit currently being performed by any workers compensation or similar authority with respect to the Target, and all payments required to be made in respect of termination or severance pay under any employment standards or similar legislation in respect of any Employee have been made by the Target.

3.17 Consents

No authorization, approval, order, license, permit or consent of any Governmental Body or any other Person, and no registration, declaration or filing by the Target with any such Governmental Body or other Person, is required in order for the Target to:

- (a) consummate the transactions contemplated by this Agreement;
- (b) execute and deliver all of the documents and instruments to be delivered by it or the Target Shareholders under this Agreement;
- (c) duly perform and observe the terms and provisions of this Agreement; or
- (d) render this Agreement legal, valid, binding and enforceable.

3.18 Compliance with Legal Requirements

- (a) To the best knowledge of the Target, the Target is, and at all times has been, in full compliance with all requirements of each Governmental Body required for the operation of the Target Business.
- (b) No event has occurred or circumstance exists that may (with or without notice or lapse of time) constitute or result, directly or indirectly, in a violation of, or a failure to comply with, any requirement of any Governmental Body required for the operation of the Target Business, or may result directly or indirectly, in the revocation, withdrawal, suspension, cancellation, or termination of, or any modification to, any authorization of any Governmental Body required for the operation of the Target Business.
- (c) The Target has not received any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding any actual, alleged, possible, or potential violation of, or failure to comply with, any requirement of any Governmental Body, or any actual, proposed, possible, or

potential revocation, withdrawal, suspension, cancellation, termination of, or modification of any authorization of any Governmental Body.

- (d) All applications required to have been filed for the renewal of any authorizations required from any Governmental Body for the operation of the Target Business have been duly filed on a timely basis with each applicable Governmental Body, and all other filings required to have been made with respect to such authorizations have been duly made on a timely basis with each applicable Governmental Body.

3.19 Legal Proceedings

- (a) There is no pending Proceeding:
 - (i) that has been commenced by or against the Target, or that otherwise relates to or may affect the Target Business, or any of the assets owned or used by, the Target; or
 - (ii) that challenges, or that may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the transactions contemplated herein.
- (b) To the knowledge of the Target, no Proceeding has been threatened, and no event has occurred or circumstance exists, that may give rise to or serve as a basis for the commencement of any such Proceeding.
- (c) There is no Order to which any of the Target, the Target Business, or any of the assets owned or used by any of them, is subject.
- (d) No Employee or agent of the Target is subject to any Order that prohibits such Employee or agent from engaging in or continuing any conduct, activity, or practice relating to the Target Business.

3.20 Insurance

- (a) All insurance policies to which the Target is a party, or that provides coverage to the Target, or to any director, officer or Employee of the Target:
 - (i) are valid, outstanding, and enforceable;
 - (ii) are issued by an insurer that is financially sound and reputable;
 - (iii) taken together, provide adequate insurance coverage for the assets of the Target and the Target Business for all risks normally insured against by a Person carrying on the same business as the Target;
 - (iv) are sufficient for compliance with all Legal Requirements and contracts to which the Target is a party or by which it is bound;

- (v) will continue in full force and effect following the consummation of the transactions contemplated herein; and
 - (vi) do not provide for any retrospective premium adjustment or other experienced-based liability on the part of the Target.
- (b) The Target has not received: (i) any refusal of coverage or any notice that a defense will be afforded with reservation of rights, or (ii) any notice of cancellation or any other indication that any insurance policy is no longer in full force or effect or will not be renewed, or that the issuer of any policy is not willing or able to perform its obligations thereunder.
 - (c) The Target has paid all premiums due, and has otherwise performed all of its respective obligations, under each policy to which it is a party or that provides coverage to the Target or any director or manager thereof.
 - (d) The Target has given prompt notice to its insurers of all claims or possible claims that may be insured by any of its respective policies, and the Target Disclosure Statement contains a list of all of such claims.

3.21 Indebtedness to Target

Except for: (a) the payment of salaries and reimbursement for out-of-pocket expenses in the ordinary and usual course, and (b) amounts disclosed in the Target Disclosure Statement or the Target Financial Statements, the Target is not indebted to any Target Shareholder, any Related Party of any Target Shareholder, or any Employee of the Target, on any account whatsoever.

3.22 Certain Payments

Since the Target Accounting Date, neither the Target nor, to the knowledge of the Target, any Employee or agent thereof, nor any other Person associated with or acting for or on behalf of the Target, has, directly or indirectly:

- (a) made any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Person, private or public, regardless of form, whether in money, property, or services:
 - (i) to obtain favorable treatment in securing business,
 - (ii) to pay for favorable treatment for business secured,
 - (iii) to obtain special concessions, or for special concessions already obtained, for or in respect of the Target, or any Related Party of the Target, or
 - (iv) in violation of any Legal Requirement; or
- (b) established or maintained any fund or asset that has not been recorded in the books and records of the Target.

3.23 Disclosure Records

The Target has had the ability to review the Disclosure Records.

3.24 Undisclosed Information

- (a) The Target has no information relating to the Target which is not generally known or which has not been disclosed to the Purchaser and which could reasonably be expected to have a Material Adverse Effect on the Target or the Target Business.
- (b) No representation or warranty of the Target in this Agreement, and no statement in the Target Disclosure Statement, omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading.

3.25 Other Representations

All statements contained in any certificate or other instrument delivered by or on behalf of the Target pursuant hereto, or in connection with the transactions contemplated by this Agreement, including in the Target Disclosure Statement, will be deemed to be representations and warranties of the Target hereunder.

3.26 Survival

The representations and warranties of the Target hereunder will survive the Closing for a period of two (2) years.

3.27 Reliance

The Target acknowledges and agrees that the Purchaser has entered into this Agreement relying on the warranties and representations and other terms and conditions of the Target contained in this Agreement, notwithstanding any independent searches or investigations that have been, or may be, undertaken by or on behalf of the Purchaser, and that no information which is now known or should be known, or which may hereafter become known, by the Purchaser or its officers, directors or professional advisers prior to the Closing will limit or extinguish the Purchaser's right to indemnification hereunder.

ARTICLE 4 **REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

The Purchaser makes the following representations to the Target as at the Execution Date and as at the Closing, and the Purchaser acknowledges that the Target is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement, as follows:

4.1 Organization and Good Standing of the Purchaser

The Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the Province of British Columbia, Canada, with full corporate power, authority and capacity to conduct its business as presently conducted, to own or use the properties and assets that it purports to own or use, and to perform all its obligations under any applicable contracts. The Purchaser is duly qualified to do business as a corporation and is in good standing under the laws of each province or other jurisdiction in which the failure to be so registered would be likely to result in a Material Adverse Effect on the Purchaser.

4.2 Organization and Good Standing of the Acquirer

- (a) The Acquirer is a corporation duly organized, validly existing and in good standing under the laws of the State of Washington.
- (b) Other than corporate formation and organization, the Acquirer has not carried on business activities of any nature whatsoever, other than the negotiation, authorization and execution of the Agreement;
- (c) The Acquirer has the corporate power, capacity and authority to enter into and complete this Agreement;

4.3 Capitalization of the Purchaser

The entire authorized capital stock of the Purchaser, as at the Execution Date, consists of an unlimited number of common shares without par value, of which 20,140,000 Purchaser Shares are currently issued and outstanding. The Purchaser has also issued an aggregate of 1,070,680 warrants, each of which is exercisable into one Purchaser Share with 360,000 exercisable at a price of \$0.10 per Purchaser Share until January 19, 2017, 85,680 exercisable at a price of \$0.35 per Purchaser Share until June 5, 2016 and the remaining 625,000 exercisable at a price of \$0.35 per Purchaser Share until June 5, 2017. The Purchaser has also granted an aggregate of 1,835,000 stock options, each of which is exercisable into one Purchaser Share at a price of \$0.11 per Purchaser Share until January 21, 2020. All of the outstanding equity securities of the Purchaser have been duly authorized and validly issued and are fully paid and non-assessable. None of the outstanding equity securities of the Purchaser were issued in violation of any Applicable Securities Laws or any other Legal Requirement. The Purchaser does not own, or have any contract to acquire, any equity securities or other securities of any Person, or any direct or indirect equity or ownership interest in any other business, other than as contemplated by this Agreement. There are no Contracts purporting to restrict the transfer of any of the issued and outstanding securities of the Purchaser, nor any Contracts restricting or affecting the voting of any of the securities of the Purchaser, to which the Purchaser is a party or of which the Purchaser is aware.

4.4 Capitalization of the Acquirer

The entire authorized capital of the Acquirer consists of 1,000 shares of common stock with no par value, of which 1,000 share of common stock are currently issued and outstanding. All of the outstanding equity securities of the Acquirer have been duly authorized and validly issued

and are fully paid and non-assessable. There are no outstanding options, warrants, subscriptions, conversion rights, or other rights, agreements, resolutions or commitments obligating the Acquirer to issue any additional securities of the Acquirer, or any other securities convertible into, exchangeable for, or evidencing the right to subscribe for or acquire from the Acquirer any securities of the Acquirer.

4.5 Absence of Rights to Acquire Securities

Except as set out in this Agreement, there are no outstanding options, warrants, subscriptions, conversion rights, or other rights, agreements, resolutions or commitments obligating the Purchaser to issue any additional securities of the Purchaser, or any other securities convertible into, exchangeable for, or evidencing the right to subscribe for or acquire from the Purchaser any securities of the Purchaser.

4.6 Authority

The Purchaser has all requisite corporate power and authority to execute and deliver the Transaction Documents to be signed by the Purchaser, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of each of the Transaction Documents by the Purchaser and the consummation of the transactions contemplated hereby have been duly authorized by the Purchaser Board. No other corporate or shareholder proceedings on the part of the Purchaser are necessary to authorize such documents or to consummate the transactions contemplated hereby. This Agreement has been, and the other Transaction Documents when executed and delivered by the Purchaser as contemplated by this Agreement will be, duly executed and delivered by the Purchaser, and this Agreement is, and the other Transaction Documents when executed and delivered by the Purchaser as contemplated hereby will be, valid and binding obligations of the Purchaser enforceable in accordance with their respective terms.

4.7 Validity of Acquisition Shares Issuable upon the Transaction

The Acquisition Shares to be issued to the Target Shareholders at Closing will, upon issuance in accordance with the terms of this Agreement, be duly and validly issued, fully paid and non-assessable.

4.8 Non-Contravention

Neither the execution, delivery and performance of this Agreement, nor the consummation of the transactions contemplated herein, will:

- (a) conflict with, result in a violation of, cause a default under (with or without notice, lapse of time or both) or give rise to a right of termination, amendment, cancellation or acceleration of any obligation contained in or the loss of any material benefit under, or result in the creation of any Lien upon any of the material properties or assets of the Purchaser under any term, condition or provision of any loan or credit agreement, note, debenture, bond, mortgage, indenture, lease or other agreement, instrument, permit, license, judgment,

Order, decree, statute, law, ordinance, rule or regulation applicable to the Purchaser or its material property or assets;

- (b) violate any provision of the Organizational Documents of the Purchaser, the Acquirer or any Applicable Laws; or
- (c) violate any Order, writ, injunction, decree, statute, rule, or regulation of any court or Governmental Body applicable to the Purchaser or any of its material property or assets.

4.9 Subsidiaries

Except for the Acquirer and ETS, the Purchaser has no subsidiaries nor any material interest in any other Person.

4.10 Books and Records

The books of account, minute books, stock record books, and other records of the Purchaser are complete and correct, and have been maintained in accordance with sound business practices, including the maintenance of an adequate system of internal controls. The minute books of the Purchaser contain accurate and complete records of all meetings held, and corporate action taken by, the shareholders of the Purchaser and the Purchaser Board, and no meeting of the Purchaser shareholders or the Purchaser Board has been held for which minutes have not been prepared and are not contained in the Purchaser's minute books. At the Closing, all of those books and records will be in the possession of the Purchaser.

4.11 Actions and Proceedings

Except as disclosed in the Disclosure Records, to the best knowledge of the Purchaser, there is no basis for, and there is no, Proceeding by or before any Governmental Body now outstanding or pending or, to the best knowledge of the Purchaser, threatened against or affecting the Purchaser which involves the Purchaser Business or any of the property or assets of the Purchaser that, if adversely resolved or determined, would have a Material Adverse Effect on the Purchaser. There is no reasonable basis for any claim or action that, based upon the likelihood of its being asserted and its success if asserted, would have a Material Adverse Effect on the Purchaser.

4.12 Compliance

- (a) To the best knowledge of the Purchaser, the Purchaser is in compliance with, is not in default or violation in any material respect under, and has not been charged with or received any notice at any time of any material violation of, any Applicable Laws related to the Purchaser Business.
- (b) To the best knowledge of the Purchaser, the Purchaser is not subject to any judgment, Order or decree entered in any Proceeding applicable to its business and operations that would have a Material Adverse Effect on the Purchaser.

- (c) Except for the income tax return for ETS for the year ended December 31, 2014 (for which no taxes are expected to be paid by ETS), the Purchaser has duly filed all reports and returns required to be filed by it with any applicable Governmental Body and has obtained all governmental permits and other governmental consents, except as may be required after the Execution Date. ETS has no income and all of such permits and consents are in full force and effect, and no Proceedings for the suspension or cancellation of any of them, and no investigation relating to any of them, is pending or, to the best knowledge of the Purchaser, threatened, and none of them will be affected in a material adverse manner by the consummation of the Transaction.

4.13 Filings, Consents and Approvals

No filing or registration with, no notice to, and no permit, authorization, consent, or approval of any public or Governmental Body or any other Person is necessary for the consummation by the Purchaser of the transactions contemplated herein, or to continue to conduct its business after the Closing in a manner which is consistent with that in which it is presently conducted.

4.14 Disclosure Records

As of their respective dates, the Disclosure Records were timely filed and complied in all material respects with the requirements of the Applicable Securities Laws. The Disclosure Records constitute all of the documents and reports that the Purchaser was required to file under the Applicable Securities Laws. As of the time filed on SEDAR (or, if amended or suspended by a filing prior to the Execution Date, then on the date of such filing) none of the Disclosure Records contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4.15 Financial Representations

Included with the Disclosure Records are true, correct, and complete copies of the Purchaser Financial Statements.

- (a) The Purchaser Financial Statements:
 - (i) are in accordance with the books and records of the Purchaser;
 - (ii) present fairly the financial condition of the Purchaser as of the respective dates indicated and the results of operations for such periods; and
 - (iii) have been prepared in accordance with IFRS and reflect the consistent application of IFRS throughout the periods involved.
- (b) All material financial transactions of the Purchaser have been accurately recorded in the books and records of the Purchaser and such books and records fairly present the financial position and the affairs of the Purchaser.

- (c) Other than the costs and expenses incurred in connection with the negotiation and consummation of the transactions contemplated herein, the Purchaser has no material Liabilities or obligations, net of cash, which:
 - (i) are not set forth in the Purchaser Financial Statements or have not heretofore been paid or discharged;
 - (ii) did not arise in the regular and ordinary course of business under any Contract or plan specifically disclosed in writing to the Target; or
 - (iii) have not been incurred in amounts and pursuant to practices consistent with past business practice, in or as a result of the regular and ordinary course of its business since the Purchaser Accounting Date, and otherwise disclosed in writing to the Target.
- (d) Except to the extent reflected or reserved against in the Purchaser Financial Statements or incurred subsequent to the Purchaser Accounting Date in the ordinary and usual course of the Purchaser Business, the Purchaser has no outstanding indebtedness or any Liabilities or obligations, and any Liabilities or obligations incurred by the Purchaser in the ordinary and usual course of business since the Accounting Date have not had a Material Adverse Effect on the Purchaser or the Purchaser Business.
- (e) Since the Purchaser Accounting Date, there have not been:
 - (i) any changes in the condition or operations of the Purchaser Business, or the assets or financial affairs of the Purchaser which have caused, individually or in the aggregate, a Material Adverse Effect on the Purchaser or the Purchaser Business; or
 - (ii) any damage, destruction or loss, labor trouble or other event, development or condition, of any character (whether or not covered by insurance), which is not generally known or which has not been disclosed to the Target, which has or may cause a Material Adverse Effect on the Purchaser or the Purchaser Business.
- (f) Since the Purchaser Accounting Date, and other than as contemplated by this Agreement, the Purchaser has not:
 - (i) transferred, assigned, sold or otherwise disposed of any of the assets shown or reflected in the Purchaser Financial Statements or cancelled any debts or claims;
 - (ii) incurred or assumed any Liability;
 - (iii) issued or sold any shares in its capital or any warrants, bonds, debentures or other corporate securities, or issued, granted or delivered any right, option or other commitment for the issue of any such or other securities;

- (iv) discharged or satisfied any Liens, or paid any Liabilities, other than current Liabilities or the current portion of long term Liabilities disclosed in the Purchaser Financial Statements, or current Liabilities incurred since the date thereof in the ordinary and usual course of business;
 - (v) declared, made, or committed itself to make any payment of any dividend or other distribution in respect of any of its shares, nor has it purchased, redeemed, subdivided, consolidated, or reclassified any of its shares;
 - (vi) made any gift of money or of any assets to any Person;
 - (vii) purchased or sold any assets;
 - (viii) amended or changed, or taken any action to amend or change, its Organizational Documents;
 - (ix) made payments of any kind to or on behalf of either shareholder or any Related Party of a shareholder, nor under any management agreement, save and except business related expenses in the ordinary and usual course of business and at the regular rates payable;
 - (x) created, incurred, assumed or guaranteed any indebtedness for money borrowed, or subjected any of the material assets or properties of the Purchaser to any Lien of any nature whatsoever;
 - (xi) made or suffered any amendment or termination of any Material Contract, or cancelled, modified or waived any substantial debts or claims held by it or waived any rights of substantial value, other than in the ordinary course of business; or
 - (xii) authorized or agreed, or otherwise have become committed, to do any of the foregoing.
- (g) The Purchaser has no guarantees, indemnities or contingent or indirect obligations with respect to the Liabilities or obligations of any other Person, including any obligation to service the debt of, or otherwise acquire an obligation of, another Person, or to supply funds to, or otherwise maintain any working capital or other balance sheet condition of, any other Person.
- (h) The Purchaser is not a party to, bound by or subject to any Contract or Legal Requirement that would be violated or breached by, or under which default would occur, or which could be terminated, cancelled or accelerated, in whole or in part, as a result of the execution and delivery of this Agreement or the consummation of any of the transactions provided for in this Agreement.

4.16 Tax Matters

- (a) As of the Execution Date:
 - (i) the Purchaser has timely filed all tax returns in connection with any Taxes which are required to be filed on or prior to the Execution Date, taking into account any extensions of the filing deadlines which have been validly granted to it, and
 - (ii) all such returns are true and correct in all material respects.
- (b) The Purchaser has paid all Taxes that have become or are due with respect to any period ended on or prior to the Execution Date and has established an adequate reserve therefore on its balance sheets for those Taxes not yet due and payable, except for any Taxes the non-payment of which will not have a Material Adverse Effect on the Purchaser.
- (c) The Purchaser is not presently under, and has not received notice of, any contemplated investigation or audit by any Governmental Body concerning any fiscal year or period ended prior to the Execution Date.
- (d) To the best knowledge of the Purchaser, the Purchaser Financial Statements contain full provision for all Taxes, including any deferred Taxes that may be assessed to the Purchaser for the accounting period ended on the Purchaser Accounting Date or for any prior period in respect of any transaction, event or omission occurring, or any profit earned, on or prior to the Purchaser Accounting Date or for which the Purchaser is accountable up to such date and all contingent Liabilities for Taxes have been provided for or disclosed in the Purchaser Financial Statements.

4.17 Absence of Changes

Since the Purchaser Accounting Date, except as disclosed in the Disclosure Records, and except as contemplated in this Agreement, the Purchaser has not:

- (a) incurred any Liabilities, other than Liabilities incurred in the ordinary course of business consistent with past practice or in connection with the Transaction, or discharged or satisfied any Lien, or paid any Liabilities, other than in the ordinary course of business consistent with past practice, or failed to pay or discharge when due any Liabilities of which the failure to pay or discharge has caused or will cause any Material Adverse Effect to it or any of its assets or properties;
- (b) sold, encumbered, assigned or transferred any material fixed assets or properties;
- (c) created, incurred, assumed or guaranteed any indebtedness for money borrowed, or mortgaged, pledged or subjected any of the material assets or properties of the Purchaser to any Lien of any nature whatsoever;

- (d) made or suffered any amendment or termination of any Material Contract to which it is a party or by which it is bound, or cancelled, modified or waived any substantial debts or claims held by it or waived any rights of substantial value, other than in the ordinary course of business;
- (e) declared, set aside or paid any dividend, or made or agreed to make any other distribution or payment in respect of any securities of the Purchaser or redeemed, purchased or otherwise acquired, or agreed to redeem, purchase or acquire any securities of the Purchaser;
- (f) suffered any damage, destruction or loss, whether or not covered by insurance, that has had a Material Adverse Effect on its business, operations, assets, properties or prospects;
- (g) suffered any material adverse change in its business, operations, assets, properties, prospects or condition (financial or otherwise);
- (h) made commitments or agreements for capital expenditures or capital additions or betterments exceeding \$5,000;
- (i) entered into any transaction other than in the ordinary course of business consistent with past practice; or
- (j) agreed, whether in writing or orally, to do any of the foregoing.

4.18 Absence of Certain Changes or Events

Since the Purchaser Accounting Date, except as and to the extent disclosed in the Disclosure Records, there has not been:

- (a) a Material Adverse Effect with respect to the Purchaser; or
- (b) any material change by the Purchaser in its accounting methods, principles or practices.

4.19 Personal Property

There is no material equipment, furniture, fixtures or other tangible personal property or assets owned or leased by the Purchaser, except as disclosed in the Disclosure Records. The Purchaser possesses, and has good and marketable title to, all property necessary for the continued operation of the Purchaser Business as presently conducted and as represented to the Target. All such property is used in the Purchaser Business. All such property is in reasonably good operating condition (normal wear and tear excepted), and is reasonably fit for the purposes for which such property is presently used. All material equipment, furniture, fixtures and other tangible personal property and assets owned or leased by the Purchaser are owned by the Purchaser free and clear of all Liens and other adverse claims, except as disclosed in the Disclosure Records.

4.20 Material Contracts and Transactions

Other than as expressly contemplated by this Agreement, there are no Material Contracts to which the Purchaser is a party, except as disclosed in the Disclosure Records. Each Material Contract to which the Purchaser is a party is in full force and effect, and there exists no material breach or violation of or default by the Purchaser under any such Material Contract, or any event that with notice or the lapse of time, or both, will create a material breach or violation thereof or default under any such Material Contract by the Purchaser. To the best knowledge of the Purchaser, the continuation, validity and effectiveness of each Material Contract to which the Purchaser is a party will in no way be affected by the consummation of the Transaction. There exists no actual or threatened termination, cancellation or limitation of, or any amendment, modification or change to, any such Material Contract.

4.21 Certain Transactions

Except as disclosed in the Disclosure Records, the Purchaser is not a guarantor or indemnitor of any indebtedness of any Person.

4.22 No Agents

No broker, agent or other intermediary has been engaged by the Purchaser in connection with the transactions contemplated hereby, and consequently, no commission is payable or due to a third party from the Purchaser.

4.23 Undisclosed Information

- (a) The Purchaser does not have any specific information relating to the Purchaser which is not generally known or which has not been disclosed to the Target and which could reasonably be expected to have a Material Adverse Effect on the Purchaser.
- (b) To the Purchaser's knowledge, no representation or warranty of the Purchaser in this Agreement omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading.

4.24 Other Representations

All statements contained in any certificate or other instrument delivered by or on behalf of the Purchaser pursuant hereto or in connection with the transactions contemplated by this Agreement will be deemed to be representations and warranties by the Purchaser hereunder.

4.25 Survival

The representations and warranties of the Purchaser hereunder will survive for a period of two (2) years from the Closing Date.

4.26 Reliance

The Purchaser acknowledges and agrees that the Target has entered into this Agreement relying on the warranties and representations and other terms and conditions of the Purchaser contained in this Agreement, notwithstanding any independent searches or investigations that have been or may be undertaken by or on behalf of the Target, and that no information which is now known or should be known, or which may hereafter become known, by the Target or its respective professional advisers prior to the Closing, will limit or extinguish the right to indemnification hereunder.

ARTICLE 5 **CLOSING**

5.1 Closing

Unless this Agreement is earlier terminated in accordance with its terms, the Merger will be consummated as soon as practicable after all the conditions established in Article 6 and Article 7 of this Agreement have been satisfied or waived. The closing of the Merger (the “**Closing**”) will be completed at 10:00 a.m. (Pacific Time) on the Closing Date, at such location and time as is mutually agreed to by the Purchaser and the Target. The date of Closing is called the “**Closing Date**”, and will be the same day as the effective date of the Merger. On the Closing Date, the Parties shall cause the Merger to be consummated by filing the Merger Documents with the Secretary of State of Washington in accordance with the State Corporation Law. Notwithstanding the location of the Closing, each Party agrees that the Closing may be completed by undertakings or the email exchange of documents between the respective legal counsel for the Purchaser and the Target, provided such undertakings and exchanges are satisfactory to each Party’s respective legal counsel.

5.2 Target Closing Documents

At the Closing, the Target will deliver, or cause to be delivered, to the Purchaser the documents set forth in Section 6.1, and such other documents as the Purchaser may reasonably require to effect the transactions contemplated hereby.

5.3 Purchaser Closing Documents

At the Closing, the Purchaser will deliver, or cause to be delivered, to the Target the documents set forth in Section 7.1, and such other documents as the Target may reasonably require to effect the transactions contemplated hereby.

ARTICLE 6 **PURCHASER’S CONDITIONS PRECEDENT**

6.1 Purchaser’s Conditions

The obligation of the Purchaser to complete the transactions contemplated by this Agreement will be subject to the satisfaction of, or compliance with, at or before the Closing, the conditions precedent set forth below:

- (a) the representations and warranties of the Target set forth in this Agreement will be true, correct and complete in all material respects as of the Closing and with the same effect as if made at and as of the Closing;
- (b) the Target will have performed and complied with all of their respective material obligations, covenants and agreements required hereunder;
- (c) the Purchaser will have reviewed and approved all materials in the possession and control of the Target which are germane to the decision of the Purchaser to proceed with the Transaction;
- (d) this Agreement and the Transaction Documents, all in form and substance reasonably satisfactory to the Purchaser, will have been executed and delivered to the Purchaser;
- (e) the Target will have provided to the Purchaser, and the Purchaser and its accountant will have had a reasonable opportunity to review, the Target Financial Statements, and the Purchaser and its accountant will be satisfied with the content of the Target Financial Statements;
- (f) the Purchaser will be satisfied that its due diligence, analysis and other customary examinations that it has performed regarding the financial position of the Target and the Target Business are consistent, in all material respects, with the representations and warranties of the Target set forth in this Agreement;
- (g) no injunction or restraining order of any court or administrative tribunal of competent jurisdiction will be in effect prohibiting the transactions contemplated by this Agreement, and no action or Proceeding will have been instituted or be pending before any court or administrative tribunal to restrain or prohibit the transactions contemplated by this Agreement;
- (h) no claim will have been asserted or made that any Person (other than the Purchaser or the Target Shareholders) is the holder or the beneficial owner of, or has the right to acquire or to obtain beneficial ownership of, any of the Target Shares, or any other voting, equity, or ownership interest in, the Target, or (other than the Target Shareholders) is entitled to all or any portion of the Acquisition Shares;
- (i) no Material Adverse Effect will have occurred with respect to the Target Business or the Target Shares;
- (j) all consents, renunciations, authorizations or approvals of each applicable Governmental Body and any other Person which, in the Purchaser's reasonable opinion, must be obtained prior to the Closing in order to give effect to the Merger and the other transactions contemplated herein, will have been obtained to the Purchaser's satisfaction or in accordance with the relevant Contracts or Legal Requirements;

- (k) the Target will have taken all proper steps, actions and corporate proceedings for the Transaction;
- (l) the Target will have obtained approval of the Merger by holders of at least 66 2/3% of the issued and outstanding Target Shares;
- (m) the Target will have obtained approval of the Merger by 60% of the total number of directors on the Target Board;
- (n) as at the Closing, the Target's total Liabilities, not including operational payables in the ordinary course of business, will not exceed \$400,000;
- (o) no more than 12% of the outstanding Target Shares are, or are eligible to become, Dissenting Shares;
- (p) an exemption from the registration and prospectus requirements of the Applicable Securities Laws will be available regarding the issuance of the Acquisition Shares for each Target Shareholder;
- (q) the Purchaser will have received from the Target the following Transaction Documents:
 - (i) certified copies of resolutions of the Target Board and Target Shareholders as are required to be passed to authorize the execution, delivery and implementation of this Agreement;
 - (ii) the Merger Documents, in form acceptable for filing with the Washington Secretary of State, duly executed by the Target;
 - (iii) a certificate signed by an officer of the Target confirming the existence, organization and good standing of the Target on the Closing Date and attaching its articles of incorporation and by-laws and other or equivalent organizational documents;
 - (iv) a certificate executed by an officer of the Target certifying that: (A) the representations and warranties of the Target set forth in this Agreement are true and correct in all material respects as at the Closing, (B) the Target has performed and complied with all of its material obligations, covenants and agreements required hereunder, and (C) all conditions precedent of the Target for completion of the transactions contemplated herein have been satisfied or waived;
 - (v) a legal opinion from legal counsel for the Target with respect to the Target and the Target Shares, in a form reasonably satisfactory to the Purchaser and its legal counsel;
 - (vi) from each Target Shareholder (other than a holder of the Dissenting Shares), a duly executed Certificate;

- (vii) from each Target Shareholder (other than a holder of the Dissenting Shares), one or more certificates representing the Target Shares held by such Target Shareholder;
- (viii) duly executed consents to act and CSE Form 3 *Personal Information Form* from all nominees of the Target to the Purchaser Board; and
- (ix) the corporate minute books and all other books and records of the Target;
- (r) the Purchaser will have satisfactorily reviewed the tax and securities implications of the Transaction contemplated by this Agreement;
- (s) the Purchaser will have received from 5346 Investments Ltd. details regarding its share capital for the purpose of satisfying any escrow or builder's share requirements of the CSE;
- (t) the Purchaser and the Target Shareholders (other than the holders of the Dissenting Shares) will have entered the Stock Restriction Agreement in form and substance satisfactory to the Purchaser;
- (u) the Purchaser will have received a valuation and fairness opinion in respect of the Transaction contemplated by this Agreement that is satisfactory to the Purchaser, if required, which opinion has not been subsequently withdrawn; and
- (v) the Conversion Debt (as defined in the Debt Conversion Agreement) will be converted into the Target Shares in accordance with the Debt Conversion Agreement.

6.2 Waiver/Survival

The conditions set forth in this Article 6 are for the exclusive benefit of the Purchaser and may be waived by the Purchaser in writing in whole or in part on or before the Closing, and the Closing will be deemed to mean a waiver of all conditions of the Purchaser to Closing. Notwithstanding any such waiver, the completion of the transactions contemplated by this Agreement will not prejudice or affect in any way the rights of the Purchaser in respect of the warranties and representations of the Target in this Agreement, and the representations and warranties of the Target in this Agreement will survive the Closing and issuance of the Acquisition Shares for the applicable period set out in Section 3.26.

6.3 Covenant of the Target

The Target covenants to deliver all of the Closing documentation set out in Section 6.1.

ARTICLE 7
TARGET'S CONDITIONS PRECEDENT

7.1 Target's Conditions

The obligation of the Target to complete the transactions contemplated by this Agreement will be subject to the satisfaction of, or compliance with, at or before the Closing, of the conditions precedent set forth below:

- (a) the representations and warranties of the Purchaser set forth in this Agreement will be true, correct and complete in all respects as of the Closing and with the same effect as if made at and as of Closing;
- (b) the Purchaser will have performed and complied with all of the obligations, covenants and agreements to be performed and complied with by it hereunder;
- (c) this Agreement and the Transaction Documents, all in form and substance satisfactory to the Target, will have been executed and delivered to the Target;
- (d) the Target and its accountants will be reasonably satisfied with their review of the Purchaser Financial Statements;
- (e) the Target will be satisfied that its due diligence, analysis and other customary examinations that it has performed regarding the financial position of the Purchaser and the Purchaser Business are consistent, in all material respects, with the representations and warranties of the Purchaser set forth in this Agreement;
- (f) no injunction or restraining order of any court or administrative tribunal of competent jurisdiction will be in effect prohibiting the transactions contemplated by this Agreement, and no action or Proceeding will have been instituted or be pending before any court or administrative tribunal to restrain or prohibit the transactions contemplated by this Agreement;
- (g) no Material Adverse Effect will have occurred with respect to the Purchaser Business;
- (h) all consents, renunciations, authorizations or approvals of each applicable Governmental Body and any other Person which, in the Target's reasonable opinion, must be obtained prior to the Closing in order to give effect to the transactions contemplated herein, will have been obtained to the Target's satisfaction or in accordance with the relevant Contracts or Legal Requirements;
- (i) the Target will have obtained approval of the Merger by holders of at least 66 2/3% of the issued and outstanding Target Shares;
- (j) the Target will have obtained approval of the Merger by 60% of the total number of directors on the Target Board;

- (k) the Purchaser will have no Liabilities, other than Liabilities related to, or arising in connection with, the Transaction;
- (l) no more than 12% of the outstanding Target Shares are, or are eligible to become, Dissenting Shares;
- (m) the Purchaser will have no more than 20,140,000 Purchaser Shares outstanding as of the Closing, excluding the Acquisition Shares and any Purchaser Shares to be issued in connection with the warrants and stock options of the Purchaser outstanding as of the Execution Date;
- (n) the Target will have received from the Purchaser the following closing documentation:
 - (i) certified copies of resolutions of the Purchaser Board and the directors and shareholder of the Acquirer as are required to be passed to authorize the execution, delivery and implementation of this Agreement;
 - (ii) the Merger Documents, in form acceptable for filing with the Washington Secretary of State, duly executed by the Acquirer;
 - (iii) a certificate signed by an officer of each of the Purchaser and Acquirer confirming the existence, organization and good standing of each entity on the Closing Date and attaching their respective articles of incorporation and by-laws and other or equivalent organizational documents;
 - (iv) a certificate executed by an officer of the Purchaser certifying that: (A) the representations and warranties of the Purchaser set forth in this Agreement are true and correct in all material respects as at the Closing, (B) the Purchaser has performed and complied with all of its material obligations, covenants and agreements required hereunder, and (C) all conditions precedent of the Purchaser for completion of the transactions contemplated herein have been satisfied or waived; and
 - (v) a legal opinion from legal counsel for the Purchaser with respect to the Purchaser and the Acquisition Shares, in a form reasonably satisfactory to the Target and its legal counsel;
- (o) KWL will have reviewed and approved of the Agreement; and
- (p) the Target will have satisfactorily reviewed the tax and securities implications of the Transaction contemplated by this Agreement.

7.2 Waiver/Survival

The conditions set forth in this Article 7 are for the exclusive benefit of the Target and may be waived by the Target in writing in whole or in part on or before the Closing, and the Closing

will be deemed to mean a waiver of all conditions of the Target to Closing. Notwithstanding any such waiver, completion of the transactions contemplated by this Agreement by the Target will not prejudice or affect in any way the rights of the Target in respect of the warranties and representations of the Purchaser set forth in this Agreement, and the representations and warranties of the Purchaser in this Agreement will survive the Closing and issuance of the Acquisition Shares for the applicable period set out in Section 4.25.

7.3 Covenant of the Purchaser

The Purchaser covenants to deliver all of the Closing documentation set out in Section 7.1.

ARTICLE 8 CONDUCT PRIOR TO CLOSING

8.1 Conduct of Target

Except as otherwise contemplated or permitted by this Agreement, or as set forth in the Target Disclosure Statement, during the period from the Execution Date to the Closing, the Target will do the following:

- (a) conduct the Target Business in the ordinary and usual course, and in a continuous fashion, and will not, without the prior written consent of the Purchaser:
 - (i) enter into any transaction which would constitute a breach of the representations, warranties or agreements of the Target contained herein,
 - (ii) increase the salaries or other compensation of, or make any advance (excluding advances for ordinary and necessary business expenses) or loan to, any of its Employees, or make any increase in, or any addition to, other benefits to which any of its Employees may be entitled,
 - (iii) create, incur, assume or guarantee any indebtedness;
 - (iv) subject any of its assets or properties to any Lien;
 - (v) declare, set aside or pay any dividend or make or agree to make any other distribution or payment in respect of the Target Shares or redeem, repurchase or otherwise acquire or agree to redeem, purchase or acquire any of the Target Shares or other equity securities of the Target, or
 - (vi) pay any amount (other than salaries in the ordinary course of business) to any Related Party of the Target or any Target Shareholder;
- (b) comply with all laws affecting the operation of the Target Business and pay all required Taxes;

- (c) not take any action or omit to take any action which would, or would reasonably be expected to, result in a breach of, or render untrue, any representation, warranty, covenant or other obligation of the Target contained herein;
- (d) use commercially reasonable efforts to preserve intact the Target Business and the assets, operations and affairs of the Target, carry on the Target Business substantially as currently conducted, and use commercially reasonable efforts to promote and preserve for the Purchaser the goodwill of suppliers, customers and others having business relations with the Target;
- (e) take all necessary actions, steps and proceedings that are necessary to approve or authorize, or to validly and effectively undertake, the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement;
- (f) respond promptly to reasonable requests from the Purchaser for information concerning the status of the Target Business and the operations and finances of the Target; and
- (g) comply with the provisions of Article 9 of this Agreement.

8.2 Conduct of Purchaser

Except as otherwise contemplated or permitted by this Agreement, during the period from the Execution Date to the Closing, the Purchaser will do the following:

- (a) conduct the Purchaser Business in the ordinary and usual course, and in a continuous fashion, and will not, without the prior written consent of the Target:
 - (i) enter into any transaction which would constitute a breach of the Purchaser's representations, warranties or agreements contained herein,
 - (ii) increase the salaries or other compensation of, or make any advance (excluding advances for ordinary and necessary business expenses) or loan to, any of its Employees, or make any increase in, or any addition to, other benefits to which any of its Employees may be entitled,
 - (iii) create, incur, assume or guarantee any indebtedness,
 - (iv) subject any of its assets or properties to any Lien,
 - (v) declare, set aside or pay any dividend, or make or agree to make any other distribution or payment in respect of, the Purchaser Shares, or redeem, repurchase or otherwise acquire, or agree to redeem, purchase or acquire, any of the Purchaser Shares or other equity securities of the Purchaser, or
 - (vi) pay any amount (other than salaries in the ordinary course of business) to any Related Party of the Purchaser;

- (b) comply with all laws affecting the operation of the Purchaser Business and pay all required Taxes;
- (c) not take any action or omit to take any action which would, or would reasonably be expected to, result in a breach of, or render untrue, any representation, warranty, covenant or other obligation of the Purchaser contained herein;
- (d) use commercially reasonable efforts to preserve intact the Purchaser Business and the assets, operations and affairs of the Purchaser, carry on the Purchaser Business substantially as currently conducted, and use commercially reasonable efforts to promote and preserve for the Target the goodwill of suppliers, customers and others having business relations with the Purchaser;
- (e) take all necessary actions, steps and proceedings that are necessary to approve or authorize, or to validly and effectively undertake, the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement;
- (f) respond promptly to reasonable requests from the Target for information concerning the status of the Purchaser Business and the operations and finances of the Purchaser; and
- (g) comply with the provisions of Article 9 of this Agreement.

ARTICLE 9

PRE-CLOSING COVENANTS

9.1 Purchaser Board

At or prior to the Closing, the current directors of the Purchaser will adopt resolutions appointing to the Purchaser Board at least one nominee by the Target, which will be effective as of the Closing.

9.2 Notification of Financial Liabilities

The Target will immediately notify the Purchaser in accordance with Section 12.4 hereof, if they receive any advice or notification from the Target's independent certified public accountants that the Target has used any improper accounting practice that would have the effect of not reflecting or incorrectly reflecting any properties, assets, Liabilities, revenues, or expenses in the books, records, and accounts of the Target.

9.3 Access for Investigation

- (a) Between the Execution Date and the Closing Date, the Target will:
 - (i) afford the Purchaser, the Purchaser's solicitors and the Purchaser's representatives, advisors, prospective investors and their representatives (collectively, the "**Purchaser's Advisors**") full and free access to the personnel, properties, contracts, books and records, and other documents

and data of the Target, in each case during normal business hours, upon a reasonable number of occasions, upon reasonable notice and in a manner calculated to minimize disruption of the Target Business;

- (ii) furnish the Purchaser and the Purchaser's Advisors with copies of all such contracts, books and records, and other existing documents and data, as the Purchaser may reasonably request; and
 - (iii) furnish the Purchaser and the Purchaser's Advisors with such additional financial, operating, and other data and information, as the Purchaser may reasonably request.
- (b) Between the Execution Date and the Closing Date, the Purchaser will:
- (i) afford the Target, and its respective representatives, legal and advisors and prospective lenders and their representatives (collectively, the "**Target's Advisors**") full and free access to the Purchaser's personnel, properties, contracts, books and records, and other documents and data, in each case during normal business hours, upon a reasonable number of occasions, upon reasonable notice and in a manner calculated to minimize disruption of the Purchaser's business;
 - (ii) furnish the Target and the Target's Advisors with copies of all such contracts, books and records, and other existing documents and data, as the Target may reasonably request; and
 - (iii) furnish the Target and the Target's Advisors with such additional financial, operating, and other data and information, as the Target may reasonably request.

9.4 Required Approvals

- (a) The Target will use its best efforts to obtain approval of the Merger by holders of at least 66 2/3% of the issued and outstanding Target Shares as contemplated in this Agreement.
- (b) The Target will use its best efforts to obtain approval of the Merger by 60% of the total number of directors on the Target Board as contemplated in this Agreement.
- (c) As promptly as practicable after the Execution Date, the Target will make all filings required by Legal Requirements to be made by it in order to consummate the transactions contemplated herein. Between the Execution Date and the Closing Date, the Target will cooperate with the Purchaser with respect to all filings that the Purchaser elects to make or is required by Legal Requirements to make in connection with the transactions contemplated herein.

- (d) As promptly as practicable after the Execution Date, the Purchaser will make all filings required by Legal Requirements to be made by it in order to consummate the transactions contemplated herein. Between the Execution Date and the Closing Date, the Purchaser will cooperate with the Target with respect to all filings that the Target elects to make or is required by Legal Requirements to make in connection with the transactions contemplated herein.

9.5 Notification

- (a) Between the Execution Date and the Closing, each of the Parties will promptly notify the others in writing if any such Party becomes aware of any fact or condition that causes or constitutes a breach of any of the representations and warranties set forth herein, or if such Party becomes aware of the occurrence of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. During the same period, each Party will promptly notify the others of the occurrence of any breach of any covenant set forth herein or of the occurrence of any event that may make the satisfaction of the conditions set forth herein impossible or unlikely.
- (b) No Party may elect not to complete the transactions contemplated hereby, or exercise any termination right arising therefrom, unless forthwith, and in any event prior to the Closing, the Party intending to rely thereon has delivered a written notice to the other Parties specifying, in reasonable detail, all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the termination right.

9.6 Best Efforts

Between the Execution Date and the Closing Date, the Parties will use their reasonable best efforts to cause the conditions contained in this Agreement to be satisfied.

9.7 Disclosure of Confidential Information

- (a) Until the Closing and, if this Agreement is terminated without consummation of the transactions contemplated herein, then after such termination, the Purchaser, the Target will maintain in confidence, will cause their respective Employees, agents, and advisors to maintain in confidence, and will not use to the detriment of another Party or divulge to any third parties, other than their respective legal and financial advisors, auditors, representatives and any other Governmental Body having jurisdiction, any confidential written, oral, or other information obtained during the course of the investigations in connection with this Agreement or the transactions contemplated herein, unless:
 - (i) such information is already known to such Party or to others not bound by a duty of confidentiality or such information becomes publicly available through no fault of such Party;

- (ii) the use of such information is necessary or appropriate pursuant to the rules of any stock exchange or in making any filing or obtaining any consent or approval required for the consummation of the transactions contemplated herein; or
- (iii) the furnishing or use of such information is required by or necessary or appropriate in connection with legal proceedings.

9.8 Public Notices

The Parties agree that they will not release or issue any reports or statements or make any public announcements relating to this Agreement or the transactions contemplated herein without the prior written consent of the other Party, except as may be required upon written advice of counsel to comply with Applicable Laws or regulatory requirements after consulting with the other Parties and seeking their reasonable consent to such announcement.

9.9 Non-Solicitation

- (a) Except as provided for herein, the Target shall not, directly or indirectly, through any Employee, representative (including any financial or other advisor) or agent of the Target (collectively, the “**Representatives**”): (i) make, solicit, assist, initiate, encourage or otherwise facilitate the initiation of any inquiries or proposals regarding an Acquisition Proposal; (ii) participate in any discussions or negotiations with any Person (other than the Purchaser or any of its Affiliates) regarding an Acquisition Proposal, provided, however, that the Target may communicate with any Person making an Acquisition Proposal for the purpose of advising such Person that the Acquisition Proposal could not reasonably be expected to result in a Superior Proposal; (iii) approve, accept, endorse or recommend, or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal, or (iv) accept or enter into or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, understanding, undertaking or arrangement or other contract in respect of an Acquisition Proposal.
- (b) The Target shall, and shall cause its respective Representatives to, immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with any Persons conducted heretofore by it or any of its Representatives with respect to any Acquisition Proposal, and, in connection therewith, the Target will discontinue access to any of confidential information with respect to the Target and the Target Business, and not establish or allow access to any of the Target’s confidential information, or any data room, virtual or otherwise, and shall as soon as possible request, to the extent entitled to do so, and exercise all rights it has to require, the return or destruction of all confidential information regarding the Target previously provided to any such Person or any other Person, and will request, and exercise all rights it has to require, the destruction of all material including or incorporating or otherwise reflecting any material confidential information regarding the Target.

- (c) Notwithstanding Sections 9.9(a) and 9.9(b) and any other provision of this Agreement, if at any time following the Execution Date and prior to the Closing, the Target receives a bona fide written Acquisition Proposal that did not result from a breach of Section 9.9, or an Acquisition Proposal is made to a Target Shareholder, and: (i) the Target Board determines in good faith, after consultation with the Target's financial advisors and outside counsel, that such Acquisition Proposal constitutes or, if consummated in accordance with its terms, could reasonably be expected to be a Superior Proposal and (ii) in the opinion of the Target Board, acting in the good faith judgment of the Target Board, after consultation with outside legal counsel, failure to take such action would be inconsistent with the Target Board's exercise of its fiduciary duties, then the Target may, in response to a request made by the Party making or proposing to make such Acquisition Proposal, and provided it is in compliance with Sections 9.9(b) and 9.9(d): (iii) furnish information with respect to the Target to the Person making such Acquisition Proposal; or (iv) enter into, participate, facilitate and maintain discussions or negotiations with, and otherwise cooperate with or assist, the Person making such Acquisition Proposal; provided that the Target shall not, and shall not allow its Representatives to, disclose any non-public information to such person: (v) if such non-public information has not been previously provided to, or is not concurrently provided to the Purchaser; and (vi) without entering into a confidentiality and standstill agreement with such Person.
- (d) In the event that the Target receives an Acquisition Proposal or any proposal or inquiry that could lead to an Acquisition Proposal, it shall promptly notify the Purchaser, at first orally and then in writing within 24 hours, of the material terms and conditions thereof, and the identity of the Person(s) making the Acquisition Proposal, and shall provide the Purchaser with a copy of any such proposal, inquiry, offer or request, a copy of any agreement entered into in accordance with Section 9.9(c) hereof and a copy of any other agreements which relate to the Acquisition Proposal to which it has access, or any amendment to any of the foregoing. The Target shall thereafter also provide the Purchaser with such other details of such proposal, inquiry, offer or request, or any amendment to any of the foregoing, information regarding the value in financial terms that the Target Board has in consultation with its financial advisor determined should be ascribed to any non-cash consideration offered under the Acquisition Proposal, and such other information as the Purchaser may reasonably request, and shall keep the Purchaser fully informed as to the status, including any changes to the material terms, of such proposal, inquiry, offer or request, or any amendment to any of the foregoing, and shall respond promptly to all inquiries from the Purchaser with respect thereto.
- (e) The Target covenants that it will not accept, approve, endorse, recommend or enter into any agreement, understanding or arrangement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by Section 9.9(c)) unless:

- (i) the Target Board concludes in good faith that the Acquisition Proposal constitutes a Superior Proposal;
 - (ii) the Target has complied with the provisions of Section 9.10;
 - (iii) the Acquisition Proposal did not result from a breach of this Section 9.9;
 - (iv) the Target complies with the procedures set out in Article 10.
- (f) Nothing contained in this Agreement shall prohibit the Target Board from taking any action or from making any disclosure to any of the Target Shareholders prior to the Closing if, in the good faith judgment of the Target Board, after consultation with outside legal counsel, failure to take such action or make such disclosure would be inconsistent with the Target Board's exercise of its fiduciary duties or such action or disclosure is otherwise required under Applicable Law.

9.10 Right to Match

- (a) The Target covenants that it will not accept, approve, endorse, recommend or enter into any agreement, understanding or arrangement in respect of a Superior Proposal (other than a confidentiality and standstill agreement permitted by Section 9.9(c)) as contemplated in Section 9.9(e) unless:
 - (i) the Target has complied with its obligations under Section 9.9 and has provided the Purchaser with a copy of the Superior Proposal and all related documentation described in Section 9.9(d); and
 - (ii) a period (the "**Response Period**") of five (5) Business Days has elapsed from the date that is the later of: (A) the date on which the Purchaser receives written notice from the Target Board that it has determined, subject only to compliance with this Section 9.10, to accept, approve, endorse, recommend or enter into a binding agreement to proceed with such Superior Proposal; and (B) the date the Purchaser receives a copy of the Superior Proposal and all related documents described in Section 9.9(d).
- (b) During the Response Period, the Purchaser will have the right, but not the obligation, to offer to amend this Agreement, including modification of the consideration to be issued or paid to the Target Shareholders. The Target Board shall cooperate with the Purchaser with respect to the Superior Proposal, including by negotiating in good faith with the Purchaser, and shall review any such offer by the Purchaser to amend this Agreement to determine whether the Superior Proposal to which the Purchaser is responding would continue to be a Superior Proposal when assessed against the written proposal of the Purchaser. If the Target Board determines that the Superior Proposal no longer constitutes a Superior Proposal, when assessed against the written proposal of the Purchaser, the Target shall enter into an amendment to this Agreement with the Purchaser incorporating the amendments to this Agreement as set out in the written

proposal. If the Target Board determines that the Superior Proposal continues to be a Superior Proposal, it may recommend that the Target Shareholders accept such Superior Proposal; provided that it is in compliance with the conditions set out in Section 9.9(e), including by terminating this Agreement pursuant to Section 10.1(g) in order to accept or enter into an agreement, understanding or arrangement to proceed with the Superior Proposal.

- (c) Each successive amendment to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Target Shareholders shall constitute a new Acquisition Proposal for the purposes of this Section 9.10 and the Purchaser shall be afforded a new Response Period and the rights afforded in Section 9.10(b) in respect of each such Acquisition Proposal.
- (d) The Target shall ensure that its Employees and any Representatives are aware of the provisions of Section 9.9 and this Section 9.10 and the Target shall be responsible for any breach of Section 9.9 or this Section 9.10 by its Employees and Representatives.

ARTICLE 10 **TERMINATION**

10.1 Termination

This Agreement may be terminated at any time prior to the Closing by:

- (a) mutual agreement of the Purchaser and the Target;
- (b) the Purchaser, if there has been a material breach by the Target of any material representation, warranty, covenant or agreement set forth in this Agreement on the part of the Target that is not cured, to the reasonable satisfaction of the Purchaser, within ten (10) Business Days after notice of such breach is given by the Purchaser to the Target (except that no cure period will be provided for a breach by the Target that, by its nature, cannot be cured);
- (c) the Target, if there has been a material breach by the Purchaser of any material representation, warranty, covenant or agreement set forth in this Agreement on the part of the Purchaser that is not cured, to the reasonable satisfaction of the Target within ten (10) Business Days after notice of such breach is given by the Target to the Purchaser (except that no cure period will be provided for a breach by the Purchaser that by its nature cannot be cured);
- (d) the Purchaser or the Target if any permanent injunction or other order of a Governmental Body of competent authority preventing the consummation of the transaction contemplated by this Agreement has become final and non-appealable;

- (e) if the transactions contemplated herein have not been consummated prior to October 16, 2015, unless otherwise extended by the written agreement of the Purchaser and the Target;
- (f) the Purchaser if the Target Board authorizes the Target to enter into a legally binding agreement relating to a Superior Proposal; or
- (g) the Target if the Target Board authorizes the Target, subject to complying with the terms of this Agreement, to enter into a legally binding agreement with respect to a Superior Proposal.

10.2 Agreement of No Further Force or Effect

If either the Purchaser or the Target wishes to terminate this Agreement pursuant to Section 10.1 (other than pursuant to Section 10.1(a)), such Party shall give written notice of such termination to the other Party. In the event of the termination of this Agreement as provided in Section 10.1, this Agreement will be of no further force or effect, except as otherwise expressly contemplated hereby and provided that the provisions in Sections 9.7, 9.8, 10.2, 12.1, 12.5, 12.6 and 12.7 shall survive any termination hereof; and provided further that no termination of this Agreement will relieve any Party of liability for any breaches of this Agreement that are based on a wrongful refusal or failure to perform any obligations under this Agreement.

ARTICLE 11 INDEMNITIES

11.1 Agreement of the Purchaser to Indemnify

The Purchaser will indemnify, defend, and hold harmless, to the full extent of the law, the Target from, against, and in respect of any and all Losses asserted against, relating to, imposed upon, or incurred by the Target by reason of, resulting from, based upon or arising out of:

- (a) the material breach by the Purchaser of any representation or warranty of the Purchaser contained in or made pursuant to this Agreement or any certificate or other instrument delivered pursuant to this Agreement; or
- (b) the material breach or partial breach by the Purchaser of any covenant or agreement of the Purchaser made in or pursuant to this Agreement or any certificate or other instrument delivered pursuant to this Agreement.

11.2 Agreement of the Target to Indemnify

The Target will indemnify, defend, and hold harmless, to the full extent of the law, the Purchaser from, against, and in respect of any and all Losses asserted against, relating to, imposed upon, or incurred by the Purchaser by reason of, resulting from, based upon or arising out of:

- (a) the material breach by the Target of any representation or warranty of the Target contained in or made pursuant to this Agreement or any certificate or other instrument delivered pursuant to this Agreement; or

- (b) the material breach or partial breach by the Target of any covenant or agreement of the Target made in or pursuant to this Agreement or any certificate or other instrument delivered pursuant to this Agreement.

11.3 Third Party Claims

- (a) If any third party notifies a Party entitled to indemnification under Section 11.1 or 11.2 (each an “**Indemnified Party**”) with respect to any matter (a “**Third-Party Claim**”) which may give rise to an indemnity claim against a party required to indemnify such Indemnified Party under Section 11.1 or 11.2 (each an “**Indemnifying Party**”), then the Indemnified Party will promptly give written notice to Indemnifying Party; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party will relieve the Indemnifying Party from any obligation under this Article 11, except to the extent such delay actually and materially prejudices the Indemnifying Party.
- (b) The Indemnifying Party will be entitled to participate in the defense of any Third-Party Claim that is the subject of a notice given by the Indemnified Party pursuant to Section 11.3(a). In addition, the Indemnifying Party will have the right to defend the Indemnified Party against the Third-Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party so long as: (i) the Indemnifying Party gives written notice to the Indemnified Party within fifteen days after the Indemnified Party has given notice of the Third-Party Claim that the Indemnifying Party elects to assume the defense of such Third-Party Claim, (ii) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have adequate financial resources to defend against the Third-Party Claim and fulfill its indemnification obligations hereunder, (iii) if the Indemnifying Party is a party to the Third-Party Claim or, in the reasonable opinion of the indemnified Party some other actual or potential conflict of interest exists between the Indemnifying Party and the Indemnified Party, the Indemnified Party determines in good faith that joint representation would not be inappropriate, (iv) the Third-Party Claim does not relate to or otherwise arise in connection with Taxes or any criminal or regulatory enforcement action, (v) settlement of, an adverse judgment with respect to or the Indemnifying Party’s conduct of the defense of the Third-Party Claim is not, in the good faith judgment of the Indemnified Party, likely to be materially adverse to the Indemnified Party’s reputation or continuing business interests (including its relationships with current or potential customers, suppliers or other parties material to the conduct of its business) and (vi) the Indemnifying Party conducts the defense of the Third-Party Claim actively and diligently. The Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third-Party Claim; provided, however, that the Indemnifying Party will pay the reasonable fees and expenses of separate co-counsel retained by the Indemnified Party that are incurred prior to Indemnifying Party’s assumption of control of the defense of the Third-Party Claim.

- (c) The Indemnifying Party will not consent to the entry of any judgment or enter into any compromise or settlement with respect to the Third-Party Claim without the prior written consent of the Indemnified Party unless such judgment, compromise or settlement: (i) provides for the payment by the Indemnifying Party of money as sole relief for the claimant, (ii) results in the full and general release of the Indemnified Party from all Liabilities arising or relating to, or in connection with, the Third-Party Claim and (iii) involves no finding or admission of any violation of Legal Requirements or the rights of any Person and has no effect on any other claims that may be made against the Indemnified Party.
- (d) If the Indemnifying Party does not deliver the notice contemplated by Section 11.3(b)(i), or the evidence contemplated by Section 11.3(b)(ii), within fifteen days after the Indemnified Party has given notice of the Third-Party Claim, or otherwise at any time fails to conduct the defense of the Third-Party Claim actively and diligently, the Indemnified Party may defend, and may consent to the entry of any judgment or enter into any compromise or settlement with respect to, the Third-Party Claim in any manner it may deem appropriate; provided, however, that the Indemnifying Party will not be bound by the entry of any such judgment consented to, or any such compromise or settlement effected, without its prior written consent (which consent will not be unreasonably withheld or delayed). In the event that the Indemnified Party conducts the defense of the Third-Party Claim pursuant to this Section 11.3(d), the Indemnifying Party will (i) advance the Indemnified Party promptly and periodically for the costs of defending against the Third-Party Claim (including reasonable attorneys' fees and expenses) and (ii) remain responsible for any and all other Losses that the Indemnified Party may incur or suffer resulting from, arising out of, relating to, in the nature of or caused by the Third-Party Claim to the fullest extent provided in this Article 11.

11.4 Exclusive Remedy

After the Closing, this Article 11 will be the sole and exclusive remedy for any inaccuracy of any representation and warranty, or breach of any covenant obligation, made in connection with this Agreement.

ARTICLE 12 **GENERAL**

12.1 Expenses

All costs and expenses incurred in connection with the preparation of this Agreement and the transactions contemplated by this Agreement will be paid by the Party incurring such expenses.

12.2 Indemnifications Not Affected by Investigation

The right to indemnification, payment of damages or other remedy based on the representations, warranties, covenants, and obligations contained herein will not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being

acquired) at any time, whether before or after the execution and delivery of this Agreement or the Closing, with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant or obligation. The waiver of any condition based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or obligation, will not affect the right to indemnification, payment of damages, or other remedy based on such representations, warranties, covenants, and obligations.

12.3 Assignment

No Parties to this Agreement may assign any of their respective rights under this Agreement without the prior consent of each of the other Parties. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of each of the Parties, as applicable. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the Parties to this Agreement any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the Parties to this Agreement and their successors and assigns, as applicable.

12.4 Notices

Any notice required or permitted to be given under this Agreement will be in writing and may be given by delivering, sending by email or other means of electronic communication capable of producing a printed copy, or sending by prepaid registered mail, the notice to the following address or number:

If to the Purchaser or the Acquirer:

Carl Capital Corp.
Suite 700, 510 West Hastings Street
Vancouver, British Columbia V6B 1L8
Canada

Attention: Gregory Johnston
Email: greg@carlsolutions.com

With a copy to:

Clark Wilson LLP
900 - 885 West Georgia Street
Vancouver, British Columbia V6C 3H1
Canada

Attention: Virgil Z. Hlus
Facsimile: (604) 687-6314
Email: vzh@cwilson.com

If to the Target:

FlowWorks Inc.
606 Maynard Avenue S., Suite #251
Seattle, Washington 98104
U.S.A.

Attention: Brian Lofquist, General Manager
Email: brian@flowworks.com

With a copy to:

Cable, Langenbach, Kinerk & Bauer, LLP
1000 2nd Avenue, Suite 3500
Seattle, Washington 98104
U.S.A.

Attention: John G. Bauer
Facsimile: (206) 292-0494
Email: jgbauer@cablelang.com

(or to such other address or number as any Party may specify by notice in writing to another Party).

Any notice delivered or sent by email or other means of electronic communication capable of producing a printed copy on a Business Day will be deemed conclusively to have been effectively given on the day the notice was sent or, if such day is not a Business Day, on the next following Business Day.

Any notice sent by prepaid registered mail will be deemed conclusively to have been effectively given on the third Business Day after posting; but if at the time of posting or between the time of posting and the third Business Day thereafter there is a strike, lockout, or other labour disturbance affecting postal service, then the notice will not be effectively given until actually delivered.

12.5 Governing Law; Venue

This Agreement, the legal relations between the Parties and the adjudication and the enforcement thereof, will be governed by and interpreted and construed in accordance with the substantive laws of the State of Washington and the federal laws of the United States of America applicable therein without regard to applicable choice of law provisions thereof. The Parties agree that any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby will be brought in a suitable court located in the State of Washington and each Party irrevocably submits to the exclusive jurisdiction of those courts.

12.6 Severability

If any covenant or other provision of this Agreement is invalid, illegal, or incapable of being enforced by reason of any rule of law or public policy, then such covenant or other provision will be severed from and will not affect any other covenant or other provision of this Agreement, and this Agreement will be construed as if such invalid, illegal, or unenforceable covenant or provision had never been contained in this Agreement. All other covenants and provisions of this Agreement will, nevertheless, remain in full force and effect and no covenant or provision will be deemed dependent upon any other covenant or provision unless so expressed herein.

12.7 Entire Agreement

This Agreement, the schedules attached hereto and the other documents in connection with this transaction contain the entire agreement among the Parties with respect to the subject matter hereof, and expressly supersede and terminate all prior offers, arrangements and understandings, both written and oral, expressed or implied, with respect thereto, including the Letter of Intent.

12.8 Further Assurances

The Parties will execute and deliver all such further documents, do or cause to be done all such further acts and things, and give all such further assurances as may be necessary to give full effect to the provisions and intent of this Agreement.

12.9 Enurement

This Agreement and each of the terms and provisions hereof will enure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns, as applicable.

12.10 Amendment

This Agreement may not be amended except by an instrument in writing signed by each of the Parties.

12.11 Schedules and Disclosure Statements

The schedules attached and the Target Disclosure Statement provided pursuant to this Agreement are incorporated herein.

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12.12 Counterparts

This Agreement may be executed in several counterparts, each of which will be deemed to be an original and all of which will together constitute one and the same instrument and delivery of an executed copy of this Agreement by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the Execution Date.

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the Execution Date.

FLOWWORKS INC.

Per: "Brian Lofquist"
Authorized Signatory

FLOWDATA, INC.

Per: "Cale Thomas"
Authorized Signatory

CARL CAPITAL CORP.

Per: "David Gregory Johnston"
Authorized Signatory

SCHEDULE A

PLAN OF MERGER

THIS PLAN OF MERGER ("Plan") is entered into as of the ___ day of _____, 2015, by and between FlowData, Inc., a Washington corporation (the "Disappearing Corporation"), and FlowWorks Inc., a Washington corporation (the "Surviving Corporation") (the Disappearing Corporation and the Surviving Corporation are collectively referred to as the "Constituent Corporations").

RECITALS

A. The Disappearing Corporation is a corporation organized and existing under the laws of the State of Washington. The authorized capital stock of the Disappearing Corporation consists of One Thousand (1,000) shares of common stock having no par value, of which One Thousand (1,000) shares are duly issued and outstanding.

B. The Surviving Corporation is a corporation organized and existing under the laws of the State of Washington. The authorized capital stock of the Surviving Corporation consists of Ten Million (10,000,000) shares of common stock having no par value per share, of which Three Million Five Hundred and Forty Four Thousand One Hundred and Ninety Three (3,544,193) shares are duly issued.

C. The respective boards of directors and shareholders of the Constituent Corporations have deemed it advisable and in the best interests of the respective Constituent Corporations, and have authorized and approved, for the Disappearing Corporation to be merged with and into the Surviving Corporation (the "Merger"), as authorized by the laws of the State of Washington and in accordance with that certain Merger Agreement among the Surviving Corporation, the Disappearing Corporation and Carl Capital Corp. (the "Parent Corporation"), a British Columbia corporation, dated the 25th day of September, 2015 (as it may be hereafter amended or modified, the "Merger Agreement").

PLAN

NOW, THEREFORE, in consideration of the foregoing recitals, the covenants and conditions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Constituent Corporations agree as follows:

1. Merger; Effectiveness

The Disappearing Corporation will be merged with and into the Surviving Corporation pursuant to the applicable provisions of the Washington Business Corporation Act, Chapter 23B of the Revised Code of Washington, as amended, and in accordance with the terms and conditions of the Merger Agreement. Upon the execution by the Constituent Corporations of Articles of Merger incorporating this Plan and the filing of

such Articles of Merger with the office of the Secretary of State for the State of Washington, the Merger will become effective (the "Effective Time").

2. Effect on Capital Stock

2.1 As of the Effective Time, by virtue of the Merger and without any action on the part of the holder of any such shares, each issued and outstanding shares of capital stock of the Disappearing Corporation then outstanding will be converted into one share of validly issued, fully paid, and non-assessable common stock of the Surviving Corporation, in accordance with the terms of the Merger Agreement.

2.2 As of the Effective Time, by virtue of the Merger and without any action on the part of the holder of any such shares, each issued and outstanding share of the capital stock of the Surviving Corporation (other than those exercising certain rights of dissent pursuant to RCW 23B.13), will be converted into the shares of the Parent Corporation as provided for in, and in accordance with the terms of, the Merger Agreement and such shares of the Surviving Corporation will be automatically cancelled and retired without further consideration therefore.

3. Articles of Incorporation

As of the Effective Time, the articles of incorporation of the Surviving Corporation will be amended in their entirety in the form of the amended articles of incorporation attached hereto and incorporated herein as Exhibit A.

4. Bylaws

As of the Effective Time, the bylaws of the Surviving Corporation in effect immediately before the Effective Time will remain in place as the bylaws of the Surviving Corporation.

5. Directors and Officers

As of the Effective Time, the directors of the Surviving Corporation immediately before the Effective Time will remain in place as the directors of the Surviving Corporation until their respective successors are duly elected and appointed in accordance with the Surviving Corporation's bylaws and applicable law. The officers of the Surviving Corporation immediately prior to the Effective Time will remain in place following the Merger as the officers of the Surviving Corporation until their respective successors are duly elected and appointed in accordance with the Surviving Corporation's bylaws and applicable law.

6. Rights, Duties, Powers, Liabilities

As of the Effective Time, the separate existence of the Disappearing Corporation will cease, and the Disappearing Corporation will be merged, in accordance with the provisions of this Plan, with and into the Surviving Corporation, which will possess all the properties and assets, and all the rights, privileges, powers, immunities and

franchises, of whatever nature and description, and will be subject to all restrictions, disabilities, duties and liabilities of each of the Constituent Corporations; and all such things will be taken and deemed to be transferred to and vested in the Surviving Corporation without further act or deed; and the title to any real estate or other property, or any interest therein, vested by deed or otherwise in either of the Constituent Corporations, will be vested in the Surviving Corporation without reversion or impairment. Any claim existing or action or proceeding, whether civil, criminal or administrative, pending by or against either Constituent Corporation, may be prosecuted to judgment or decree as if the Merger had not taken place, and the Surviving Corporation may be substituted in any such action or proceeding.

7. Implementation

Each of the Constituent Corporations shall take, or cause to be taken, all actions or do, or cause to be done, all things necessary, proper or advisable under the laws of the States of Washington to consummate and make effective the Merger.

8. Abandonment

This Plan may be terminated for any reason at any time before the filing of Articles of Merger with the Secretary of State for the State of Washington (whether before or after approval by the shareholders of the Constituent Corporations, or either of them) upon the mutual consent of the parties to this Plan, or in accordance with the terms of the Merger Agreement.

9. Amendment

This Plan may, to the extent permitted by law, be amended, supplemented or interpreted at any time by action taken by the board of directors of both of the Constituent Corporations; provided, however, that this Plan may not be amended or supplemented after having been approved by the shareholders of either Constituent Corporation except by a vote or consent of shareholders of both Constituent Corporations in accordance with applicable law.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Plan is duly executed and delivered in accordance herewith as of the latest date set forth below.

DISAPPEARING CORPORATION:

FLOWDATA, INC.

By: _____
Its: _____

Date: _____

SURVIVING CORPORATION:

FLOWWORKS INC.

By: _____
Its: _____

Date: _____

EXHIBIT A

AMENDED ARTICLES OF INCORPORATION OF SURVIVING CORPORATION

AMENDED AND RESTATED

ARTICLES OF INCORPORATION

OF

FLOWWORKS INC.

Pursuant to RCW 23B.10.060, FlowWorks, Inc., a Washington corporation (the “corporation”) adopts the following Amended and Restated Articles of Incorporation for such corporation:

ARTICLE 1. NAME

The name of this corporation is FLOWWORKS INC.

ARTICLE 2. DURATION

The period of its duration is perpetual.

ARTICLE 3. PURPOSES

This corporation is organized for the purpose of transacting any and all lawful business for which corporations may be incorporated under Title 23B of the Revised Code of Washington, as amended.

ARTICLE 4. SHARES

This corporation shall have authority to issue ten million (10,000,000) shares of common stock, with no par value.

ARTICLE 5. CONTRACTS IN WHICH DIRECTORS HAVE INTEREST

Any contract or other transaction between this corporation and one or more of its directors, or between this corporation and any corporation, firm, association or other entity of which one or more of its directors are stockholders, members, directors, officers or employees or in which they are interested, shall be valid for all purposes, notwithstanding the presence of

such director or directors at the meeting of the Board of Directors which acts upon or in reference to such contract or transaction and notwithstanding his or their participation in such action, by voting or otherwise, even though his or their presence or vote, or both, might have been necessary to obligate this corporation upon such contract or transaction; provided, that the fact of such interest shall be disclosed to or known by the directors acting on such contract or transaction.

ARTICLE 6. DIRECTORS

The number of directors of this corporation shall be fixed by the Bylaws and may be increased or decreased from time to time in the manner specified therein.

ARTICLE 7. BYLAWS

The Board of Directors shall have the power to adopt, amend or repeal the Bylaws for this corporation, subject to the power of the shareholders to amend or repeal such Bylaws.

ARTICLE 8. REGISTERED OFFICE, AGENT

The address of the registered office of this corporation is FlowWorks Inc., 606 Maynard Avenue South, Suite 251, Seattle, Washington 98104 and the name of the registered agent at such address is Brian Lofquist.

ARTICLE 9. AMENDMENTS OF ARTICLES OF INCORPORATION

This corporation reserves the right to amend, alter, change, or repeal any of the provisions contained in these Articles of Incorporation, in the manner now or hereafter prescribed by law, and rights and powers conferred herein on shareholders and directors of this corporation are subject to this reserved power.

IN WITNESS WHEREOF, I have set my hand this ____ day of _____, 2015.

_____, Director

SCHEDULE B
ARTICLES OF MERGER
OF
FLOWDATA, INC.
INTO
FLOWWORKS INC.

The undersigned, pursuant to the Washington Business Corporation Act, RCW 23B.11.050, hereby deliver to the Washington Secretary of State these Articles of Merger for filing for the purpose of merging FlowData, Inc., a Washington corporation (“the Disappearing Corporation”), with and into FlowWorks Inc., a Washington corporation (the “Surviving Corporation”).

ARTICLE I

The Plan of Merger is attached hereto as Exhibit A and is incorporated herein by reference. The Plan of Merger was adopted by the board of directors of the Surviving Corporation on _____, 2015, and by the board of directors of the Disappearing Corporation on _____, 2015.

ARTICLE II

The Plan of Merger was submitted and adopted and approved by the shareholders of the Disappearing Corporation, and by the shareholder of the Surviving Corporation, pursuant to RCW 23B.11.030 of the Washington Business Corporation Act.

ARTICLE III

The Surviving Corporation will continue its existence under its present name pursuant to the provisions of the Washington Business Corporation Act.

ARTICLE IV

The effective time and date of the merger herein provided for in the State of Washington will be the date and time of filing of these Articles of Merger with the Secretary of State of the State of Washington.

These Articles of Merger may be executed in counterparts, each of which will be an original and all of which when taken together will be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, these Articles of Merger are duly executed and delivered in accordance herewith as of the latest date set forth below.

DISAPPEARING CORPORATION:

FLOWDATA, INC.

By: _____
Its: _____

Date: _____

SURVIVING CORPORATION:

FLOWWORKS INC.

By: _____
Its: _____

Date: _____

EXHIBIT A
PLAN OF MERGER

SCHEDULE C

CERTIFICATE OF U.S. SHAREHOLDER

Capitalized terms used but not otherwise defined in this Certificate of U.S. Shareholder (this “**Certificate**”) will have the meanings given to such terms in that certain merger agreement (the “**Agreement**”) among FlowWorks Inc. (the “**Target**”), FlowData, Inc. and Carl Capital Corp. (the “**Purchaser**”).

In connection with the issuance of the Acquisition Shares to the undersigned (the “**Shareholder**”), a shareholder of the Target, hereby represents, warrants, acknowledges and agrees that, as at the Execution Date and as at the Closing:

1. the Shareholder satisfies one or more of the categories of “**Accredited Investor**”, as defined by Regulation D promulgated under the Securities Act, as indicated below (Please initial in the space provide those categories, if any, of an Accredited Investor which the Shareholder satisfies.):

_____ Category 1 an organization described in Section 501(c)(3) of the United States Internal Revenue Code, a corporation, a Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the Acquisition Shares, with total assets in excess of US\$5,000,000,

_____ Category 2 a natural person whose individual net worth, or joint net worth with that person’s spouse, exceeds US\$1,000,000. For purposes of this Category 2, “net worth” means the excess of total assets at fair market value (including personal and real property, but excluding the estimated fair market value of a person’s primary home) over total liabilities. Total liabilities excludes any mortgage on the primary home in an amount of up to the home’s estimated fair market value as long as the mortgage was incurred more than 60 days before the Acquisition Shares are acquired, but includes (i) any mortgage amount in excess of the home’s fair market value and (ii) any mortgage amount that was borrowed during the 60-day period before the date of the acquisition of Acquisition Shares for the purpose of investing in the Acquisition Shares,

_____ Category 3 a natural person who had an individual income in excess of US\$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of US\$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year,

_____ Category 4 a private business development company as defined in Section 202(a)(22) of the *Investment Advisers Act of 1940* (United States),

- _____ Category 5 a trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Acquisition Shares, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the Securities Act, or
- _____ Category 6 an entity in which all of the equity owners satisfy the requirements of one or more of the foregoing categories.

Note that if the Shareholder is claiming to satisfy one of the above categories of Accredited Investor, the Shareholder may be required to supply the Purchaser with a balance sheet, prior years' federal income tax returns or other appropriate documentation to verify and substantiate the Shareholder's status as an Accredited Investor.

If the Shareholder is an entity which initialled Category 6 in reliance upon the Accredited Investor categories above, state the name, address, total personal income from all sources for the previous calendar year, and the net worth (exclusive of home, home furnishings and personal automobiles) for each equity owner of the said entity:

_____;

2. the Shareholder is not an "insider" of the Purchaser as defined in the the *Securities Act* (British Columbia) and the regulations promulgated thereunder, as amended from time to time (the "**B.C. Act**") (e.g., director, officer, promoter, and/or holder of more than 10% of voting securities of the Purchaser;
3. the Shareholder is not a "registrant" as defined in the B.C. Act;
4. the Shareholder does not hold, or control or direct, directly or indirectly, any securities of the Purchaser;
5. the Shareholder acknowledges that the Acquisition Shares to be issued to the undersigned will be issued pursuant to prospectus exemptions provided under National Instrument 45-106 - *Prospectus Exemptions* of the Canadian Securities Administrators and acknowledge that:
 - (a) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Acquisition Shares to be issued to the Shareholder pursuant to the Agreement;
 - (b) there is no government or other insurance covering the Acquisition Shares;
 - (c) there are risks associated with the purchase of the Acquisition Shares;
 - (d) there are restrictions on the Shareholder's ability to resell the Shareholder's Acquisition Shares and it is the responsibility of the Shareholder to find out what those restrictions are and to comply with them before selling the Acquisition Shares; and

- (e) the Purchaser has advised the Shareholder that the Purchaser is relying on an exemption from the requirements to provide the undersigned with a prospectus and to sell securities through a person registered to sell securities under the B.C. Act and, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the B.C. Act, including statutory rights of rescission or damages, will not be available to the undersigned;
- 6. it is the registered and beneficial owner of the Target Shares, free and clear of all Liens, and the Shareholder has no interest, legal or beneficial, direct or indirect, in any other securities of, or the assets or Business of, the Target;
- 7. no Person has or will have any agreement or option or any right capable at any time of becoming an agreement to purchase or otherwise acquire the Target Shares held by the Shareholder, or to require the Shareholder to sell, transfer, assign, pledge, charge, mortgage or in any other way dispose of or encumber any of the Target Shares held by the Shareholder, other than as set out in the Agreement or the Target Disclosure Statement;
- 8. there are no agreements that could restrict the transfer of any of the issued and outstanding Target Shares held by the Shareholder, and no voting agreements, shareholders' agreements, voting trusts, or other arrangements restricting or affecting the voting of any of the Target Shares held by the Shareholder to which the Shareholder is a party or of which the Shareholder is aware, other than as set out in the Agreement or the Target Disclosure Statement;
- 9. the Shareholder has the legal capacity and competence to execute this Certificate and to take all actions required pursuant hereto and, if it is a corporate entity, it is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and all necessary approvals by its directors, shareholders and others have been obtained to authorize execution and performance of this Certificate on behalf of the Shareholder;
- 10. the representations and warranties of the Shareholder hereunder will survive the Closing and the issuance of the Acquisition Shares and will continue in full force and effect indefinitely;
- 11. none of the Acquisition Shares have been or will be registered under the Securities Act, or under any state securities or "blue sky" laws of any state of the United States, and may not be offered or sold in the United States or, directly or indirectly, to U.S. Persons, as that term is defined in Regulation S, except in accordance with the provisions of Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state and provincial securities laws;
- 12. the Shareholder understands and agrees that offers and sales of any of the Acquisition Shares will be made only in compliance with the registration provisions of the Securities Act or an exemption therefrom and in each case only in accordance with applicable state and provincial securities laws;

13. the Shareholder understands and agrees not to engage in any hedging transactions involving any of the Acquisition Shares unless such transactions are in compliance with the provisions of the Securities Act and in each case only in accordance with applicable state and provincial securities laws;
14. the Shareholder is acquiring the Acquisition Shares for investment only and not with a view to resale or distribution and, in particular, it has no intention to distribute either directly or indirectly any of the Acquisition Shares in the United States or to U.S. Persons;
15. the Purchaser has not undertaken, and will have no obligation, to register any of the Acquisition Shares under the Securities Act;
16. the Purchaser is entitled to rely on the acknowledgements, agreements, representations and warranties and the statements and answers of the Shareholder contained in this Certificate, and the Shareholder will hold harmless the Purchaser from any loss or damage either one may suffer as a result of any such acknowledgements, agreements, representations, notwithstanding any independent searches or investigations that have been or may be undertaken by or on behalf of the Purchaser, and no information which is now known or should be known or which may hereafter become known by the Purchaser or its officers, directors or professional advisers prior to the Closing, will limit or extinguish the Purchaser's right to indemnification hereunder;
17. the Shareholder has been advised to consult its own respective legal, tax and other advisors with respect to the merits and risks of an investment in the Acquisition Shares and, with respect to applicable resale restrictions, is solely responsible (and the Purchaser is not in any way responsible) for compliance with applicable resale restrictions;
18. the Shareholder and the Shareholder's advisor(s) have had a reasonable opportunity to ask questions of and receive answers from the Purchaser in connection with the acquisition of the Acquisition Shares under the Agreement, and to obtain additional information, to the extent possessed or obtainable by the Purchaser without unreasonable effort or expense;
19. the books and records of the Purchaser were available upon reasonable notice for inspection, subject to certain confidentiality restrictions, by the Shareholder during reasonable business hours at its principal place of business and that all documents, records and books in connection with the acquisition of the Acquisition Shares under the Agreement have been made available for inspection by the Shareholder, the Shareholder's attorney and/or advisor(s);
20. the Shareholder: (a) is able to fend for itself in connection with the acquisition of the Acquisition Shares, (b) has such knowledge and experience in business matters as to be capable of evaluating the merits and risks of its prospective investment in the Acquisition Shares, and (c) has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment;

21. the Shareholder is not aware of any advertisement of any of the Acquisition Shares and is not acquiring the Acquisition Shares as a result of any form of general solicitation or general advertising including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
22. no person has made to the Shareholder any written or oral representations:
 - (a) that any person will resell or repurchase any of the Acquisition Shares,
 - (b) that any person will refund the purchase price of any of the Acquisition Shares, or
 - (c) as to the future price or value of any of the Acquisition Shares;
23. the Shareholder is acquiring the Acquisition Shares as principal for its own account, for investment purposes only, and not with a view to, or for, resale, distribution or fractionalization thereof, in whole or in part, and no other person has a direct or indirect beneficial interest in the Acquisition Shares;
24. neither the SEC nor any other securities commission or similar regulatory authority has reviewed or passed on the merits of the Acquisition Shares;
25. the Purchaser will refuse to register any transfer of Acquisition Shares not made in accordance with the provisions of Regulation S, pursuant to registration under the Securities Act, or pursuant to an available exemption from registration under the Securities Act;
26. if the Shareholder decides to offer, sell or otherwise transfer any of the Acquisition Shares, the undersigned shall not offer, sell or otherwise transfer any of such Acquisition Shares directly or indirectly, unless:
 - (a) the sale is to the Purchaser;
 - (b) the sale is made outside the United States in an offshore transaction meeting the requirements of Rule 904 of Regulation S and in compliance with the Applicable Securities Laws;
 - (c) the sale is made pursuant to the exemption from the registration requirements under the Securities Act provided by Rule 144 thereunder, if available, and in accordance with the Applicable Securities Laws;
 - (d) the Acquisition Shares are sold in a transaction that does not require registration under the Securities Act or any other Applicable Securities Laws governing the offer and sale of the Acquisition Shares,

and the Shareholder has, in the cases of each of (b), (c) and (d) above, prior to such sale furnished to the Purchaser and the transfer agent for the Acquisition Shares (the “**Transfer Agent**”) an opinion of counsel of recognized standing in form and substance

satisfactory to the Purchaser and the Transfer Agent stating that such transaction is exempt from registration under the Applicable Securities Laws and that the legend may be removed;

27. The Purchaser is not obligated to remain a "foreign issuer" as defined in Rule 902(e) of Regulation S;
28. Upon the issuance thereof, the certificates representing the Acquisition Shares, and all securities issued in exchange therefor or in substitution thereof, will bear a legend in substantially the following form:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"). THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (C) PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT, AND THE HOLDER HAS, IN THE CASE OF EACH OF (B), (C) AND (D), PRIOR TO SUCH SALE FURNISHED TO THE COMPANY AND THE TRANSFER AGENT AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY AND THE TRANSFER AGENT.

THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT "GOOD DELIVERY" OF THE SECURITIES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE."

29. the financial statements of the Purchaser have been prepared in accordance with IFRS, which differ in some respects from United States generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies;
30. there may be material tax consequences to the undersigned of an acquisition or disposition of any of the Acquisition Shares. The Purchaser gives no opinion and makes no representation with respect to the tax status of the Purchaser or the consequences to the Shareholder under the applicable tax laws of the Shareholder's acquisition or disposition of the Acquisition Shares;
31. the Shareholder is resident in the jurisdiction set out on the signature page of this Certificate, and such address was not created and is not used solely for the purpose of acquiring the Acquisition Shares and the Shareholder was solicited to acquire the Acquisition Shares in such jurisdiction; and
32. the Shareholder waives any and all interests, claims and actions in any way connected with, arising from, or related to the Target Shares or the Acquisition Shares, including, without limitation: (a) the benefit of any representations, warranties and covenants in

favour of the Shareholder contained in any share purchase or subscription agreement(s) for such Target Shares or Acquisition Shares, (b) any registration, liquidation, or any other rights by and between or among the Shareholder and any other Person, which may be triggered as a result of the consummation of the Transaction, and (c) any right or interest the Shareholder may have had under, with respect to, or arising from, any interest or other ownership of the Shareholder, whether by security ownership or otherwise, in the Target.

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IN WITNESS WHEREOF, the Shareholder has executed this Certificate as of the Closing Date.

(Signature of Shareholder or Authorized Signatory of Shareholder if not an individual)

(Name of Shareholder - if an Individual)

(Name of Authorized Signatory - if not an Individual)

(Title of Authorized Signatory - if not an Individual)

(SIN, SSN, or other Tax ID Number of the Shareholder)

(Address of Shareholder, including city, state of residence and zip code)

(Telephone Number)

(Email Address)

Names of All Insiders of Shareholder if not an individual

Register the Acquisition Shares as set forth below:

Deliver the Acquisition Shares as set forth below:

(Name to Appear on Share Certificate)

(Name)

(Address for Registration, including city, state of residence and zip code)

(Address)

(Contact Name)

(Telephone Number)

SCHEDULE D

CERTIFICATE OF NON-U.S. SHAREHOLDER

Capitalized terms used but not otherwise defined in this Certificate of Non-U.S. Shareholder (this "**Certificate**") will have the meanings given to such terms in that certain merger agreement (the "**Agreement**") among FlowWorks Inc. (the "**Target**"), FlowData, Inc. and Carl Capital Corp. (the "**Purchaser**").

In connection with the issuance of the Acquisition Shares to the Shareholder, the undersigned, (the "**Shareholder**"), a shareholder of the Target, hereby represents, warrants, acknowledges and agrees, as an integral part of the Agreement, that, as at the Execution Date and as at the Closing:

1. the Shareholder is not an "insider" of the Purchaser as defined in the the *Securities Act* (British Columbia) and the regulations promulgated thereunder, as amended from time to time (the "**B.C. Act**") (e.g., director, officer, promoter, and/or holder of more than 10% of voting securities of the Purchaser;
2. the Shareholder is not a "registrant" as defined in the B.C. Act;
3. the Shareholder does not hold, or control or direct, directly or indirectly, any securities of the Purchaser;
4. the Shareholder acknowledges that the Acquisition Shares to be issued to the undersigned will be issued pursuant to prospectus exemptions provided under National Instrument 45-106 - *Prospectus Exemptions* of the Canadian Securities Administrators and acknowledge that:
 - (a) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Acquisition Shares to be issued to the Shareholder pursuant to the Agreement;
 - (b) there is no government or other insurance covering the Acquisition Shares;
 - (c) there are risks associated with the purchase of the Acquisition Shares;
 - (d) there are restrictions on the Shareholder's ability to resell the Shareholder's Acquisition Shares and it is the responsibility of the Shareholder to find out what those restrictions are and to comply with them before selling the Acquisition Shares; and
 - (e) the Purchaser has advised the Shareholder that the Purchaser is relying on an exemption from the requirements to provide the undersigned with a prospectus and to sell securities through a person registered to sell securities under the B.C. Act and, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the B.C. Act, including

statutory rights of rescission or damages, will not be available to the undersigned;

5. it is the registered and beneficial owner of the Target Shares, free and clear of all Liens, and the Shareholder has no interest, legal or beneficial, direct or indirect, in any other securities of, or the assets or Business of, the Target;
6. no Person has or will have any agreement or option or any right capable at any time of becoming an agreement to purchase or otherwise acquire the Target Shares held by the Shareholder, or to require the Shareholder to sell, transfer, assign, pledge, charge, mortgage or in any other way dispose of or encumber any of the Target Shares held by the Shareholder, other than as set out in the Agreement or the Target Disclosure Statement;
7. there are no agreements that could restrict the transfer of any of the issued and outstanding Target Shares held by the Shareholder, and no voting agreements, shareholders' agreements, voting trusts, or other arrangements restricting or affecting the voting of any of the Target Shares held by the Shareholder to which the Shareholder is a party or of which the Shareholder is aware, other than as set out in the Agreement or the Target Disclosure Statement;
8. the Shareholder has the legal capacity and competence to execute this Certificate and to take all actions required pursuant hereto and, if it is a corporate entity, it is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and all necessary approvals by its directors, shareholders and others have been obtained to authorize execution and performance of this Certificate on behalf of the Shareholder;
9. the representations and warranties of the Shareholder hereunder will survive the Closing and the issuance of the Acquisition Shares and will continue in full force and effect indefinitely;
10. none of the Acquisition Shares have been or will be registered under the Securities Act, or under any state securities or "blue sky" laws of any state of the United States, and may not be offered or sold in the United States or, directly or indirectly, to U.S. Persons, as that term is defined in Regulation S, except in accordance with the provisions of Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state and provincial securities laws;
11. the Shareholder understands and agrees that offers and sales of any of the Acquisition Shares will be made only in compliance with the registration provisions of the Securities Act or an exemption therefrom and in each case only in accordance with applicable state and provincial securities laws;
12. the Shareholder understands and agrees not to engage in any hedging transactions involving any of the Acquisition Shares unless such transactions are in compliance with the provisions of the Securities Act and in each case only in accordance with applicable state and provincial securities laws;

13. the Shareholder is acquiring the Acquisition Shares for investment only and not with a view to resale or distribution and, in particular, it has no intention to distribute either directly or indirectly any of the Acquisition Shares in the United States or to U.S. Persons;
14. the Purchaser has not undertaken, and will have no obligation, to register any of the Acquisition Shares under the Securities Act;
15. the Purchaser is entitled to rely on the acknowledgements, agreements, representations and warranties and the statements and answers of the Shareholder contained in this Certificate, and the Shareholder will hold harmless the Purchaser from any loss or damage either one may suffer as a result of any such acknowledgements, agreements, representations, notwithstanding any independent searches or investigations that have been or may be undertaken by or on behalf of the Purchaser, and no information which is now known or should be known or which may hereafter become known by the Purchaser or its officers, directors or professional advisers prior to the Closing, will limit or extinguish the Purchaser's right to indemnification hereunder;
16. the Shareholder has been advised to consult its own respective legal, tax and other advisors with respect to the merits and risks of an investment in the Acquisition Shares and, with respect to applicable resale restrictions, is solely responsible (and the Purchaser is not in any way responsible) for compliance with applicable resale restrictions;
17. the Shareholder and the Shareholder's advisor(s) have had a reasonable opportunity to ask questions of and receive answers from the Purchaser in connection with the acquisition of the Acquisition Shares under the Agreement, and to obtain additional information, to the extent possessed or obtainable by the Purchaser without unreasonable effort or expense;
18. the books and records of the Purchaser were available upon reasonable notice for inspection, subject to certain confidentiality restrictions, by the Shareholder during reasonable business hours at its principal place of business and that all documents, records and books in connection with the acquisition of the Acquisition Shares under the Agreement have been made available for inspection by the Shareholder, the Shareholder's attorney and/or advisor(s);
19. the Shareholder is not a "U.S. Person" as such term is defined by Rule 902 of Regulation S (the definition of which includes, but is not limited to, an individual resident in the U.S. and an estate or trust of which any executor or administrator or trust, respectively is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the U.S.);
20. the Shareholder is not acquiring the Acquisition Shares as a result of, and will not itself engage in, any directed selling efforts (as defined in Regulation S) in the United States in respect of the Acquisition Shares which would include any activities undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the resale of any of the Acquisition Shares; provided, however, that the Shareholder may sell or otherwise dispose of the Acquisition Shares

pursuant to registration thereof under the Securities Act and any Applicable Securities Laws or under an exemption from such registration requirements;

21. the statutory and regulatory basis for the exemption claimed for the sale of the Acquisition Shares, although in technical compliance with Regulation S, would not be available if the offering is part of a plan or scheme to evade the registration provisions of the Securities Act or any applicable state and provincial securities laws;
22. the Shareholder is outside the United States when receiving and executing the Agreement and this Certificate and is acquiring the Acquisition Shares as principal for the Shareholder's own account, for investment purposes only, and not with a view to, or for, resale, distribution or fractionalization thereof, in whole or in part, and no other Person has a direct or indirect beneficial interest in the Acquisition Shares;
23. the Acquisition Shares are not being acquired, directly or indirectly, for the account or benefit of a U.S. Person or a Person in the United States;
24. the Shareholder: (a) is able to fend for itself in connection with the acquisition of the Acquisition Shares, (b) has such knowledge and experience in business matters as to be capable of evaluating the merits and risks of its prospective investment in the Acquisition Shares, and (c) has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment;
25. the Shareholder is not aware of any advertisement of any of the Acquisition Shares and is not acquiring the Acquisition Shares as a result of any form of general solicitation or general advertising including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
26. no person has made to the Shareholder any written or oral representations:
 - (a) that any person will resell or repurchase any of the Acquisition Shares,
 - (b) that any person will refund the purchase price of any of the Acquisition Shares, or
 - (c) as to the future price or value of any of the Acquisition Shares;
27. the Shareholder is acquiring the Acquisition Shares as principal for its own account, for investment purposes only, and not with a view to, or for, resale, distribution or fractionalization thereof, in whole or in part, and no other person has a direct or indirect beneficial interest in the Acquisition Shares;
28. neither the SEC nor any other securities commission or similar regulatory authority has reviewed or passed on the merits of the Acquisition Shares;
29. the Purchaser will refuse to register any transfer of Acquisition Shares not made in accordance with the provisions of Regulation S, pursuant to registration under the

Securities Act, or pursuant to an available exemption from registration under the Securities Act;

30. the Shareholder is resident in the jurisdiction set out on the signature page of this Certificate, and such address was not created and is not used solely for the purpose of acquiring the Acquisition Shares and the Shareholder was solicited to acquire the Acquisition Shares in such jurisdiction; and
31. the Shareholder waives any and all interests, claims and actions in any way connected with, arising from, or related to the Target Shares or the Acquisition Shares, including, without limitation: (a) the benefit of any representations, warranties and covenants in favour of the Shareholder contained in any share purchase or subscription agreement(s) for such Target Shares or Acquisition Shares, (b) any registration, liquidation, or any other rights by and between or among the Shareholder and any other Person, which may be triggered as a result of the consummation of the Transaction, and (c) any right or interest the Shareholder may have had under, with respect to, or arising from, any interest or other ownership of the Shareholder, whether by security ownership or otherwise, in the Target.

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IN WITNESS WHEREOF, the Shareholder has executed this Certificate as of the Closing Date.

(Signature of Shareholder or Authorized Signatory of Shareholder if not an individual)

(Name of Shareholder - if an Individual)

(Name of Authorized Signatory - if not an Individual)

(Title of Authorized Signatory - if not an Individual)

(SIN, SSN, or other Tax ID Number of the Shareholder)

(Address of Shareholder, including city, state of residence and zip code)

(Telephone Number)

(Email Address)

Names of All Insiders of Shareholder if not an individual

Register the Acquisition Shares as set forth below:

Deliver the Acquisition Shares as set forth below:

(Name to Appear on Share Certificate)

(Name)

(Address for Registration, including city, state of residence and zip code)

(Address)

(Contact Name)

(Telephone Number)