

# SECURITY EXCHANGE AGREEMENT

THIS AGREEMENT is made effective as of August \_\_, 2018 (the “**Effective Date**”).

**AMONG:**

**AX1 CAPITAL CORP.**

(“**AX1**”)

**AND:**

**BLOCKLUXE NETWORK INC.**

of 700 - 595 Burrard Street, Vancouver, BC V7X 1S8

(“**BNI**”)

**AND:**

**EACH OF THE SECURITY HOLDERS OF BNI**

as listed in Schedule A hereto

(collectively, the “**BNI Securityholders**”)

**WHEREAS:**

- A. The BNI Securityholders are collectively the legal and beneficial owners of all of the issued and outstanding securities of BNI; and
- B. The BNI Securityholders have agreed to sell, and AX1 has agreed to purchase, all of the outstanding BNI Securities (the “**Acquisition**”) on the terms and conditions set forth herein.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto covenant and agree each with the other as follows:

## **1. Definitions and Schedules**

1.1 Definitions: In this Agreement:

“**Acquisition**” has the meaning assigned to that term in Recital B;

“**Agreement**” means this agreement and any Schedules attached hereto;

“**Applicable Laws**” means all applicable rules, policies, notices, orders and legislation of any kind whatsoever of any governmental authority, regulatory body or stock exchange having jurisdiction over the transactions contemplated hereby;

“**Assets**” means all properties, assets, privileges, rights, interests and claims, real and personal, tangible and intangible, of every type and description, which are belonging to or usually or ordinarily used in the Business, as a going concern, or to which BNI is entitled in connection with the Business, including without limitation:

- (i) the Books and Records;

- (ii) the Material Contracts;
- (iii) the Goodwill;
- (iv) the Intangible Property; and
- (v) the Owned Equipment;

“**AX1 Approvals**” means all necessary approvals and consents required to be obtained by AX1 in connection with the transactions contemplated by this Agreement;

“**AX1 Common Shares**” means common shares in the capital of AX1;

“**AX1 Disclosure Documents**” has the meaning assigned to that term in paragraph 7 of Schedule F;

“**AX1 Financial Statements**” has the meaning assigned to that term in paragraph 14 of Schedule F;

“**AX1 Interests**” mean all assets, rights, contracts and contractual rights held or owned by AX1;

“**AX1 Investigation**” has the meaning assigned to that term in Section 5.2(a);

“**AX1 Payment Securities**” means, collectively, the AX1 Payment Shares and AX1 Payment Special Warrants;

“**AX1 Payment Shares**” means the AX1 Common Shares to be issued pursuant to the terms and conditions of this Agreement by AX1 to the BNI Shareholders *pro rata* and at an exchange ratio of 1 AX1 Payment Share for every 1 BNI Share;

“**AX1 Payment Special Warrants**” means the special warrants to acquire AX1 Common Shares to be issued pursuant to the terms and conditions of this Agreement by AX1 to the BNI Special Warrant Holders *pro rata* and at an exchange ratio of 1 AX1 Payment Special Warrant for every 1 BNI Special Warrant, each AX1 Payment Special Warrant entitling the holder thereof to acquire one AX1 Common Share within five days following the date AX1 obtains a receipt for a final prospectus;

“**AX1’s Representatives**” has the meaning assigned to that term in Section 5.1(e);

“**AX1 Resignations**” has the meaning assigned to that term in Section 4.2;

“**AX1 Shareholders’ Meeting**” means that meeting of the shareholders of AX1 to be called, if required by Applicable Laws, for the purpose of, among other things, approving the transactions contemplated by this Agreement;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended from time to time;

“**BNI**” has the meaning ascribed to that term on the face page of this Agreement;

“**BNI Approvals**” means all necessary approvals and consents required to be obtained by BNI in connection with the transactions contemplated by this Agreement;

“**BNI Disclosure Documents**” has the meaning assigned to that term in paragraph 39 of Schedule E;

**“BNI Financial Statements”** means the audited consolidated balance sheets, statements of income, retained earnings and cash flows for BNI’s year end and the unaudited interim consolidated balance sheets, statements of income, retained earnings and cash flows of BNI as required for the Prospectus;

**“BNI Investigation”** has the meaning assigned to that term in Section 5.1(a);

**“BNI Securities”** means collectively the BNI Shares and BNI Special Warrants;

**“BNI’s Representatives”** has the meaning assigned to that term in Section 5.1(a);

**“BNI Securityholders”** means the parties who are the legal and beneficial holders of BNI Securities;

**“BNI Shares”** means common shares in the capital of BNI;

**“BNI Shareholders”** means the parties who are the legal and beneficial holders of BNI Shares;

**“BNI Special Warrant Holders”** means the parties who are the legal and beneficial holders of BNI Special Warrants;

**“BNI Special Warrants”** means all of the issued and outstanding special warrants in the capital of BNI, held by the BNI Securityholders; each BNI Special Warrant entitling the holder thereof to acquire one BNI Share within various numbers of days following the date BNI obtains a receipt for a final prospectus;

**“BNI Subsidiaries”** means the wholly owned Subsidiaries as set out in Schedule D;

**“Books and Records”** means all books, records, files, documents and other written Information relating to the Business or BNI, including without limitation the following:

- (i) lists of customers, service providers and suppliers (past, present and potential);
- (ii) software, code and documents and correspondence related to technology;
- (iii) price lists;
- (iv) records with respect to costs, prepaids, deposits and equipment;
- (v) advertising matter, correspondence, mailing lists, photographs, sales materials and records, purchasing materials and records;
- (vi) sales order and purchase order files;
- (vii) correspondence files (including correspondence relating to discounts, rebates, deposits, tax credits, future commitments, standards of any relevant Governmental Authority, social service taxes, goods and services taxes, and claims or complaints by customers or clients); and
- (viii) other records used in or required to continue the Business as heretofore and presently being conducted by BNI;

**“Business”** means BNI’s business of developing a blockchain-based solution to help authenticate luxury goods;

**“Closing”** has the meaning assigned to that term in Section 10.1;

**“Closing Date”** has the meaning assigned to that term in Section 10.1;

“**Communication**” has the meaning assigned to that term in Section 15.9;

“**Drop Dead Date**” means January 31, 2019, or such other date as the parties may mutually approve in writing;

“**Effective Date**” means the date stated on the first page hereof, being the date upon which this Agreement was executed by BNI Securityholders and upon which this Agreement became legally binding on the parties;

“**Encumbrances**” means mortgages, charges, pledges, security interests, liens, encumbrances, actions, claims, liabilities, demands and equities of any nature, including without limitation, any liability for accrued but unpaid taxes;

“**Escrow Agreement**” has the meaning assigned to that term in Section 2.5;

“**Escrow Policy**” means National Policy 46-201, *Escrow for Initial Public Offerings*;

“**Escrow Requirement**” has the meaning assigned to that term in Section 2.5;

“**Escrow Securities**” has the meaning assigned to that term in Section 2.4;

“**Exchange**” means the Canadian Securities Exchange;

“**Exemptions**” has the meaning ascribed thereto in Section 2.7(a);

“**Financing**” has the meaning ascribed thereto in Section 3;

“**Goodwill**” means the goodwill of BNI including, without limitation, all customer lists, documents, records, correspondence and other Information related to the Business;

“**Government Authority**” means any foreign, national, provincial, local or state government, any political subdivision or any governmental, judicial, public or statutory instrumentality, court, tribunal, agency (including those pertaining to health, safety or the environment), authority, body or entity, or other regulatory bureau, authority, body or entity having legal jurisdiction over the activity or Person in question and, for greater certainty, includes the Exchange and the applicable Securities Commissions;

“**Intangible Property**” means all right, title and interest of BNI in and to all registered and unregistered trademarks, trade or brand names, copyrights, designs, inventions, patents, software, licenses, distribution agreements, authorities, restrictive covenants, and other rights used in connection with the Business;

“**ITA**” means the *Income Tax Act* (Canada);

“**Listing**” means the listing on the Exchange of AX1’s common shares for trading following the completion of the Acquisition;

“**LOI**” means the Binding Letter of Intent between BNI and AX1 dated April 5, 2018;

“**Material Contracts**” means contracts, agreements and other material documents of a Person of any kind whatsoever including, without limitation, lease agreements, license agreements, assignment agreements, operating agreements, joint venture agreements, acquisition and disposition agreements, employment agreements, shareholder or voting agreements, share purchase or sale agreements, bank

and financial institution loans, promissory notes, debenture, general security, subordination and priority agreements that are material to such Person's business;

**"Owned Equipment"** means all equipment, computer equipment, production equipment, office equipment, furniture, furnishings and tools of any kind owned by BNI and used or held for use in connection with the Business and any warranties of manufacturers and maintenance in relation to the foregoing, a complete and accurate list of which is attached as Schedule L;

**"Person"** means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or association, or a governmental entity (or any department, agency, or political subdivision thereof);

**"Personal Information"** has the meaning assigned to that term in Section 14.2;

**"Prospectus"** means the prospectus to be prepared by AX1 and BNI in connection with the going public of the resulting issuer of the transactions contemplated by this Agreement;

**"Regulatory Approval"** means all approvals, consents, waivers, permits, orders or exemptions from any Government Authority having jurisdiction or authority over any party hereto which are required to be obtained in order to permit the Acquisition to be effected, including, without limitation, approval of the Exchange and the applicable Securities Commissions;

**"Representative"** has the meaning assigned to that term in Section 12.1;

**"Securities Act"** means the British Columbia *Securities Act*, R.S.B.C. 1996, c.418, as amended and the current rules and regulations thereunder, and the blanket rulings, orders and instruments issued by the British Columbia Securities Commission;

**"Securities Commissions"** means collectively the British Columbia Securities Commission and such other commissions as may hold jurisdiction over the transactions contemplated herein;

**"Securities Laws"** means the securities legislation having application, the regulations and rules thereunder and all administrative policy statements, instruments, blanket orders, notices, directions and rulings issued or adopted by the applicable securities regulatory authority, all as amended;

**"Security"** or **"Securities"** means any shares, ownership interests, stock options, stock option plans, employee share ownership plans, warrants, convertible notes or debentures, agreements, documents, instruments or other writings of any kind whatsoever which constitute a "security" as that term is defined in the Securities Act;

**"Subsidiary"** means a subsidiary within the meaning of Section 2(2) of the BCBCA and **"Subsidiaries"** means more than one Subsidiary;

**"Tax"** or **"Taxes"** means all taxes and other governmental charges of any kind whatsoever including without limitation, all federal, state, municipal or other governmental imposed income tax, capital tax, capital gains tax, transfer tax, value-added tax, sales tax, social services, health, payroll and employment taxes, duty, customs, or import duties and any penalty charges or interest in respect of the foregoing;

“**Third Party**” means any partnership, corporation, trust, unincorporated organization, union, government, governmental department or agency, individual or any heir, executor, administrator or other legal representative of an individual other than a party to this Agreement; and

“**Time of Closing**” has the meaning assigned to that term in Section 10.1.

## 1.2 Schedules:

The following schedules are attached to and form part of this Agreement:

<b>Schedule</b>	<b>Title</b>
A	BNI Authorized and Issued Securities
B	AX1 Authorized and Issued Securities
C	Licenses
D	Subsidiaries
E	Representations and Warranties of BNI
F	Representations and Warranties of AX1
G	Representations and Warranties of the BNI Securityholders
H	BNI Material Contracts
I	AX1 Material Contracts
J	BNI Financial Statements and AX1 Financial Statements
K	BNI Intangible Property
L	Owned Equipment
M	List of BNI Encumbrances
N	Litigation Pertaining to BNI
O	Insurance Policies Held by BNI
P	List of Employees of BNI

## 2. Purchase and Sale

- 2.1 Subject to the terms and conditions of this Agreement, each of the BNI Securityholders agrees to sell all of their ownership interest in and to the BNI Securities, as described in Schedule A, to AX1 free and clear of all Encumbrances, and AX1 agrees to purchase all of the BNI Securities for and in consideration of the AX1 Payment Securities.
- 2.2 The AX1 Payment Shares will be issued to the BNI Shareholders, on Closing, *pro rata* as to their respective number of BNI Shares held, as more particularly set out in Schedule A. The parties acknowledge and agree that the fair market value of the AX1 Payment Shares issued to the BNI Shareholders in exchange for the BNI Shares will be equal to the fair market value of the BNI Shares surrendered in exchange therefor.
- 2.3 The AX1 Payment Special Warrants will be issued to those BNI Special Warrant Holders, on Closing, *pro rata* as to their respective number of BNI Special Warrants held, as more particularly set out in Schedule A. The parties acknowledge and agree that the fair market value of the AX1 Payment Special Warrants issued to the BNI Securityholders in exchange for the BNI Special Warrants will be equal to the fair market value of the BNI Special Warrants surrendered in exchange therefor.

- 2.4 Any AX1 Common Shares, AX1 Payment Shares and the AX1 common shares underlying AX1 Payment Special Warrants received by a “principal”, as defined in the Escrow Policy (“**Escrow Securities**”) will be subject to escrow conditions prescribed by such policy pursuant to the terms of an agreement (the “**Escrow Agreement**”) to be entered into among AX1, the holders of Escrow Securities and AX1’s transfer agent.
- 2.5 Each BNI Securityholder, if any, who receives Escrow Securities acknowledges and agrees that its respective AX1 Payment Securities will be subject to escrow under the Escrow Policy, to be held in escrow and to be released to such BNI Securityholder or its designated nominees in stages based on the passage of time (the “**Escrow Requirement**”). Each BNI Securityholder acknowledges and agrees that it or its designated nominees will abide by whatever Escrow Requirement is imposed by the Exchange and prior to the Closing Date will (i) enter into the form of Escrow Agreement required by the Exchange and (ii) deposit in escrow their respective Escrow Securities.
- 2.6 AX1 agrees that any eligible BNI Securityholder that wishes to jointly elect with AX1 under subsection 85(1) of the ITA in respect of the Acquisition in the prescribed form and within the time as prescribed by the ITA, may do so, and the amount to be jointly elected by such BNI Securityholder and AX1 may be determined by such BNI Securityholder, acting reasonably and in compliance with the provisions of the ITA, provided that such BNI Securityholder will reimburse AX1 in respect of any reasonable professional fees incurred by AX1 in respect of the filing of such elections.
- 2.7 Each BNI Securityholder hereby acknowledges and agrees with AX1 as follows:
- (a) the transfer of the BNI Securities and the issuance of the AX1 Payment Securities in exchange therefor will be made pursuant to appropriate exemptions (the “**Exemptions**”) from the formal takeover bid and registration and prospectus (or equivalent) requirements of the Securities Laws;
  - (b) as a consequence of acquiring the AX1 Payment Securities pursuant to the Exemptions:
    - (i) the BNI Securityholder will be restricted from using certain of the civil remedies available under the Securities Laws;
    - (ii) the BNI Securityholder may not receive Information that might otherwise be required to be provided to the BNI Securityholders, and AX1 is relieved from certain obligations that would otherwise apply under Securities Laws if the Exemptions were not being relied upon by AX1;
    - (iii) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the AX1 Payment Securities;
    - (iv) there is no government or other insurance covering the AX1 Payment Securities; and
    - (v) an investment in the AX1 Payment Securities is speculative and of high risk; and
  - (c) the certificates representing the AX1 Payment Securities will bear such legends as required by Securities Laws and the policies of the Exchange and it is the responsibility

of the BNI Securityholder to find out what those restrictions are and to comply with them before trading any AX1 Payment Securities.

### 3. **Financing**

- 3.1 AX1 may complete additional private placements between the Effective Date and the Closing Date (the “**Financing**”), subject to written approval from BNI.
- 3.2 BNI may complete additional private placements between the Effective Date and the Closing Date (the “**BNI Financing**”) subject to written approval from AX1 on anything above \$2,000,000 of the \$0.20 Special Warrant or equivalent financing that is not more dilutive. The parties hereto acknowledge and agree that Schedule “A” and the number of AX1 Payment Securities will be adjusted by the parties hereto accordingly and that the revised Schedule and obligation of AX1 to issue the revised number of AX1 Payment Securities AX1 will be binding upon the parties hereto.

### 4. **Director and Officer Appointments**

- 4.1 On Closing, (i) the current officers and directors of AX1 will resign from AX1, and (ii) provided such persons meet all necessary legal and regulatory requirements and are willing and able to act in the positions shown below, the directors and officers of AX1 shall consist of the following persons, and AX1 shall take all necessary steps to obtain resignations of existing directors and officers in order for these appointments to be effective on Closing:

Dean Linden	Director and CEO
A nominee from AX1 or BNI	CFO
Kelly Klatik	Director
Michael Byron	Director
Pete Bryant	Director
A nominee from AX1 or BNI	Director

- 4.2 On Closing, AX1 shall deliver resignations (the “**AX1 Resignations**”) of those directors and officers of AX1 who are either not continuing with AX1 or are continuing in a different capacity or role; such resignations to include waivers in respect of any liabilities of AX1 to them in a form acceptable to BNI, acting reasonably.
- 4.3 The CFO and Director nominee in Section 4.1 must be mutually agreed upon between Parties. If a nominee Director has not been identified and agreed upon, the Parties agreed to proceed with 4 directors.

### 5. **Covenants, Agreements and Acknowledgements**

- 5.1 AX1 covenants and agrees with BNI that from and including the Effective Date through to and including the Closing Date it shall:
- (a) permit BNI, through its directors, officers, employees and authorized agents and representatives (collectively the “**BNI’s Representatives**”) at BNI’s own cost, full access during normal business hours to AX1’s books, records and property including, without limitation, all of the assets, material contracts and minute books of AX1, and any Information relating to AX1’s directors or officers, so as to permit BNI to make such investigation (the “**BNI Investigation**”) of AX1 as BNI deems necessary;



- (b) use its reasonable commercial efforts to complete the AX1 Investigation within 30 days of the date that the AX1 Representatives receive all required due diligence materials in order to complete the AX1 Investigation;
- (c) with the cooperation of BNI and the BNI Securityholders, use commercially reasonable efforts to obtain Regulatory Approval for this Agreement and the transactions contemplated hereunder as soon as reasonably possible following receipt of any materials required from BNI pursuant to Section 5.2(a), which efforts will include, among other things:
  - (i) providing to BNI the AX1 Financial Statements in a form acceptable to the Exchange in connection with the Acquisition
  - (ii) producing and submitting the Prospectus to the BCSC;
  - (iii) producing and filing with the Exchange a Listing Statement, or such other form as is required or permitted by the Exchange in respect of the Acquisition, with the assistance of BNI;
  - (iv) producing and filing with the Exchange and the applicable Securities Commissions all forms required by applicable Securities Law, along with producing the applicable closing documents, for the Listing;

and the parties acknowledge and agree that AX1 will be responsible for the costs associated with the items enumerated in paragraphs 5.1(b) and (c);

- (d) do all such acts and things necessary to ensure that all of the representations and warranties of AX1 remain true and correct and not do any such act or thing that would render any representation or warranty of AX1 untrue or incorrect;
- (e) not, nor shall any of AX1's directors, officers, employees and authorized agents and representatives ("**AX1's Representatives**"), directly or indirectly solicit, encourage, facilitate, discuss, negotiate or entertain or accept any proposals or offers from, enter into any agreements with, or provide financial, operating or any other non-public information to, any person or group other than BNI and BNI's Representatives, with respect to (a) any direct or indirect sale, purchase, or acquisition of its assets or securities (except) by way of a subscription of AX1 Shares or the issuance of AX1 Shares from treasury); or (b) any similar transaction or other direct or indirect acquisition, business combination, arrangement, merger or takeover bid involving AX1, its subsidiaries, its securities, the securities of its subsidiaries, or their assets;
  - (i) AX1 and AX1's Representatives shall immediately:
    - (A) cease and terminate existing discussions, conversations, negotiations and other communications with any persons currently conducted with respect to any of the foregoing, including access to any data rooms (whether electronic or otherwise); and
    - (B) notify BNI regarding any contact between AXI or AXI's Representatives and any person regarding any such offer, proposal or inquiry;

- (f) use reasonable commercial efforts to obtain all AX1 Approvals, any consents and waivers and give all notices, which are required prior to Closing;
- (g) execute all undertakings and comply with all requirements of the applicable Securities Laws, the Exchange, the Securities Commissions and any other Persons or governmental or regulatory authorities, which may be necessary or reasonable to obtain the necessary AX1 Approvals and Regulatory Approval under Applicable Laws and Exchange requirements to the transactions contemplated hereby;
- (h) execute and do all such further deeds, acts, things and assurances as may be reasonably required to complete the transactions contemplated herein;
- (i) not incur or commit to incur any debt other than in the ordinary course of business and for professional fees in connection with the transactions contemplated by this Agreement;
- (j) not make any expenditures out of the ordinary course of business, other than as contemplated herein;
- (k) not declare or pay any dividends or distribute any of its properties or assets to shareholders;
- (l) not enter into or amend or terminate any Material Contracts out of the ordinary course of business, other than in connection with this Agreement;
- (m) not alter or amend its articles or by-laws;
- (n) not redeem, purchase or offer to purchase any of its common shares or other securities;
- (o) not acquire, directly or indirectly, any assets, including but not limited to securities of other companies, other than as contemplated herein.

5.2 BNI covenants and agrees with AX1 that from and including the Effective Date through to and including the Closing Date it shall:

- (a) permit AX1, and AX1's Representatives, at AX1's own cost, full access during normal business hours to BNI's books, records and property including, without limitation, all of the Assets, material contracts and minute books of BNI and any Information relating to BNI, and its directors, officers and BNI Securityholders, so as to permit AX1's Representatives to make such investigation (the "**AX1 Investigation**") of BNI as AX1 deems necessary;
- (b) use its reasonable commercial efforts to complete the BNI Investigation within 30 days of the date that BNI's Representatives receive all required due diligence materials in order to complete the BNI Investigation;
- (c) use its reasonable commercial efforts to provide to AX1, at the request of AX1 as soon as available, all such further Information, documents, instruments and materials and do all such acts and things as may be required by AX1 to obtain Regulatory Approval including, but not limited to, providing to AX1:

- (i) the BNI Financial Statements in a form acceptable to the Exchange in connection with the Acquisition;
  - (ii) the portions of the draft Prospectus regarding the business of BNI and the resulting issuer of the transactions contemplated by this Agreement;
  - (iii) the portions of the Listing Statement regarding the business of BNI and the resulting issuer of the transactions contemplated by this Agreement,
  - (iv) the forms required of BNI by the Exchange and the BCSC in relation to the Listing;
  - (v) for each director, senior officer of AX1 subsequent to Closing or who will hold more than 10% of the AX1 Common Shares on Closing, a fully completed and properly executed personal Information form in the form required by the Exchange;
- (d) do all such acts and things necessary to ensure that all of the representations and warranties of BNI remains true and correct and not do any such act or thing that would render any representation or warranty of BNI untrue or incorrect except as contemplated by this Agreement;
- (e) preserve and protect the Assets;
- (f) use its reasonable commercial efforts to ensure that the terms of any sale of BNI Shares by any BNI Securityholder undertaken prior to Closing be approved by AX1, acting reasonably;
- (g) not, nor shall any of BNI's Representatives, directly or indirectly solicit, encourage, facilitate, discuss, negotiate or entertain or accept any proposals or offers from, enter into any agreements with, or provide financial, operating or any other non-public information to, any person or group other than AX1 and AX1's Representatives, with respect to (a) any direct or indirect sale, purchase, or acquisition of its assets or securities (except) by way of a subscription of BNI Shares or the issuance of BNI Shares from treasury); or (b) any similar transaction or other direct or indirect acquisition, business combination, arrangement, merger or takeover bid involving BNI, its subsidiaries, its securities, the securities of its subsidiaries, or their assets;
- (i) BNI and BNI's Representatives shall immediately:
    - (A) cease and terminate existing discussions, conversations, negotiations and other communications with any persons currently conducted with respect to any of the foregoing, including access to any data rooms (whether electronic or otherwise); and
    - (B) notify AX1 regarding any contact between BNI or BNI's Representatives and any person regarding any such offer, proposal or inquiry;
- (h) use its reasonable commercial efforts to obtain all BNI Approvals, any consents and waivers and give all notices which are required prior to Closing;

- (i) execute all undertakings and comply with all requirements of the applicable securities laws, the Exchange, the Securities Commissions and any other Persons or governmental or regulatory authorities, which may be necessary or reasonable to obtain the necessary BNI Approvals and Regulatory Approvals under Applicable Laws and Exchange requirements to the transactions contemplated hereby;
- (j) execute and do all such further deeds, acts, things and assurances as may be reasonably required to complete the transactions contemplated herein;
- (k) not incur or commit to incur any additional debt out of the ordinary course of business, except with the prior consent of AX1;
- (l) not make any material expenditures out of the ordinary course of business, other than as contemplated herein;
- (m) not declare or pay any dividends or distribute any of its properties or Assets to its shareholders;
- (n) not enter into any Material Contracts out of the ordinary course of business and shall not enter into or amend or terminate any Material Contracts in relation to the Assets;
- (o) not alter or amend its articles or by-laws;
- (p) not sell, pledge, lease, dispose of, grant any interest in, encumber or agree to sell, pledge, lease, dispose of, grant any interest in or encumber the Assets or any of its other assets; and
- (q) not acquire, directly or indirectly, any assets, including but not limited to securities of other companies, other than as contemplated herein.

5.3 Each of the BNI Securityholders severally covenants and agrees with AX1 that, prior to the Closing, each BNI Securityholder, as the case may be, shall:

- (a) from and including the Effective Date through to and including the Time of Closing, not enter into any agreement for the sale, option, transfer, encumbrance or other disposition of all or any part of its BNI Shares;
- (b) from and including the Effective Date through to and including the Time of Closing, do all such acts and things necessary to ensure that all of its representations and warranties remain true and correct and not do any act or thing that would render any of their representations or warranty untrue or incorrect except as contemplated by this Agreement;
- (c) execute all undertakings and comply with all requirements of applicable securities laws, the Exchange and any other Persons or governmental or regulatory authorities, which may be necessary or reasonable to obtain the necessary approvals under Applicable Laws and Exchange requirements to the transactions contemplated hereby; and
- (d) execute and do all such further deeds, acts, things and assurances as may be reasonably required to complete the transactions contemplated herein.

## 6. Conditions Precedent

- 6.1 The respective obligations of the parties hereto to complete the transactions contemplated by this Agreement will be subject to the satisfaction of the following conditions, any of which may be waived by any party hereto in whole or in part without prejudice to such party's right to rely on any other of them:
- (a) The British Columbia Securities Commission will have provided reasonable indication to the parties hereto, determined at the sole discretion of BNI, of imminent approval of the Prospectus;
  - (b) The Exchange will have provided reasonable indication to the parties hereto, determined at the sole discretion of BNI, of imminent approval of the Listing;
  - (c) all other required Regulatory Approvals and other third-party approvals, including, without limiting the generality of the foregoing, the approval of the Acquisition by the Exchange, will have been obtained for the Acquisition and all other transactions contemplated by this Agreement;
  - (d) there will have been no material adverse change in the business, affairs, financial condition or operations of AX1 between the date of the AX1 Financial Statements and the Closing;
  - (e) there will have been no material adverse change in the business, affairs, financial condition or operations of BNI between the date of the BNI Financial Statements and the Closing; and
  - (f) there will not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement, including, without limitation, the Acquisition; and all consents, orders and approvals required or necessary or desirable for the completion of the transactions provided for in this Agreement will have been obtained or received, all on terms satisfactory to each of the parties hereto, acting reasonably.
- 6.2 AX1's obligations under this Agreement including, without limitation, its obligation to close the transactions contemplated under this Agreement, are subject to the fulfillment, to its satisfaction, of the following conditions that:
- (a) on or before the Time of Closing, AX1 will have been permitted to complete the AX1 Investigation to its reasonable satisfaction;
  - (b) the Board of Directors of BNI will have approved the transfer of the BNI Shares to AX1;
  - (c) AX1, acting reasonably, shall have approved the terms of any sale of BNI Shares undertaken prior to the Closing;
  - (d) on or before the Time of Closing, AX1 will have been permitted to complete its review of the financial condition, business, properties, title, assets, corporate records and affairs of BNI and the title of the BNI Shares to its reasonable satisfaction;
  - (e) there shall be no dilutive securities of BNI outstanding, except those discussed or agreed to in writing between the parties;

- (f) BNI shall have no Encumbrances on its Assets or incurred any other liabilities; and the representations and warranties of BNI contained in Schedule E will be true and correct in all material respects at and as of the Closing;
- (g) the representation and warranties of the BNI Securityholders contained in Schedule G will be true and correct in all material respects at and as of the Closing;
- (h) all covenants, agreements and obligations hereunder on the part of BNI and the BNI Securityholders to be performed or complied with at or prior to the Closing contained herein will have been performed and complied with in all material respects;
- (i) on Closing, BNI and the BNI Securityholders will have delivered to AX1 the documents required to be delivered by them pursuant to Section 10.2;
- (j) BNI shall have completed and delivered a valuation of the Assets of BNI in a form acceptable to the Exchange in connection with the Acquisition, if such valuation is requested by the Exchange or it is mutually determined by BNI and AX1 that it would be beneficially to provide such valuation to the Exchange;
- (k) BNI shall have completed and delivered the BNI Financial Statements and the BNI Disclosure Documents; and
- (l) at any time prior to and including the Time of Closing, there will not have been any adverse material change in the business or affairs of BNI.

The conditions precedent set forth above are for the exclusive benefit of AX1 and may be waived by it in whole or in part on or before the Time of Closing.

6.3 BNI and the BNI Securityholders' respective obligations under this Agreement including, without limitation, their obligations to close the transactions contemplated under this Agreement, are subject to the fulfillment, to their satisfaction, of the following conditions:

- (a) on or before the Time of Closing, BNI will have been permitted to complete the BNI Investigation to its reasonable satisfaction;
- (b) the board of directors of AX1 will have approved the transactions contemplated herein;
- (c) on or before the Time of Closing, AX1 will have obtained the consent of the AX1 shareholders to the transactions contemplated herein;
- (d) on Closing the board of AX1 shall have been reconstituted to consist of four nominees of BNI and one nominee of AX1 and BNI subject to Section subject to Section 4.3;
- (e) AX1 will not have incurred any liabilities other than those reasonably incurred in connection with the transactions contemplated in this Agreement and will have spent its cash on hand at the date of this Agreement exclusively in the ordinary course of business and for the purpose of completing the Acquisition and any other transaction contemplated hereby;

- (f) AX1 will change its name to such name as BNI may request and which is acceptable to the Exchange and the registrar of companies for British Columbia, to be effective on the Closing Date;
- (g) the representations and warranties of AX1 contained in Schedule F will be true and correct in all material respects at and as of the Closing;
- (h) all covenants, agreements and obligations hereunder on the part of AX1 to be performed or complied with at or prior to the Closing contained herein will have been performed and complied with in all material respects;
- (i) AX1 shall have, immediately prior to the completion of the Acquisition, a minimum working capital of no less than \$90,000, subject to deductions for reasonable costs paid in furtherance of the Acquisition and subsequent Listing.
- (j) on Closing, AX1 will have delivered to BNI the documents required to be delivered by it pursuant to Section 10.3;
- (k) AX1 shall have completed and delivered the AX1 Financial Statements and the AX1 Disclosure Documents; and
- (l) at any time prior to and including the Time of Closing, there will not have been any adverse material change in the assets, liabilities, prospects, business or affairs of AX1.

The conditions precedent set forth above are for the exclusive benefit of BNI and the BNI Securityholders and may be waived by BNI and the BNI Securityholders on behalf of the BNI Securityholders in whole or in part on or before the Time of Closing.

## **7. BNI and the BNI Securityholders' Representations and Warranties**

- 7.1 In order to induce AX1 to enter into this Agreement and complete its obligations hereunder, BNI makes the representations and warranties to AX1 set forth in Schedule E.
- 7.2 The representations and warranties of BNI contained in Schedule E are true and correct as of the Effective Date and shall be true and correct at the Time of Closing as though they were made at that time.

## **8. AX1 Representations and Warranties**

- 8.1 In order to induce the BNI and BNI Securityholders to enter into this Agreement and complete their respective obligations hereunder, AX1 makes the representations and warranties to BNI and the BNI Securityholders contained in Schedule F.
- 8.2 The representations and warranties of AX1 contained in Schedule F are true and correct as of the Effective Date and shall be true and correct at the Time of Closing as though they were made at that time.

## 9. BNI Securityholders' Representations, Warranties and Acknowledgments

- 9.1 In order to induce AX1 to enter into this Agreement and complete its obligations hereunder, each of the BNI Securityholders makes the representations and warranties to AX1 set forth in Schedule G.
- 9.2 The representations and warranties of the BNI Securityholders contained in Schedule G are true and correct as of the Effective Date and shall be true and correct at the Time of Closing as though they were made at that time.

## 10. Closing

- 10.1 The completion of the transactions contemplated under this Agreement shall be closed (the "**Closing**") at the offices of AX1's legal counsel, at 10:00 a.m. (Vancouver Time) (the "**Time of Closing**"), on the date which is the fifth business day following the satisfaction or waiver of all conditions precedent as set out in Section 6, or such other time or day as the parties may agree upon (the "**Closing Date**"). In the event that the transactions contemplated under this Agreement have not closed on or before the Drop Dead Date, either AX1 or BNI may terminate this Agreement by notice in writing to the other parties to this Agreement and this Agreement shall be of no further force and effect.
- 10.2 At the Time of Closing on the Closing Date, BNI shall deliver to AX1 the following Closing documents:
- (a) certified true copies of any corporate authorizations which are necessary in order to authorize and approve this Agreement, BNI's and the BNI Securityholders' execution and delivery hereof and all of the transactions of BNI contemplated hereunder, which authorization shall include specific reference to:
    - (i) the sale and transfer of all beneficial ownership in and to the BNI Securities from the BNI Securityholders to AX1 as provided for in this Agreement; and,
    - (ii) the transfer of all legal title of the BNI Securities from the BNI Securityholders to AX1 or their designated nominees;
  - (b) duly executed copies of the Escrow Agreement signed by all Principals (as that term is defined in the Escrow Policy) of BNI;
  - (c) a certificate of an officer of BNI certifying that (i) all of BNI's representations and warranties are true as of Closing, (ii) all of BNI's covenants have been performed, and (iii) all of the conditions for the benefit of the BNI have been complied with or waived;
  - (d) a solicitor's opinion of BNI's counsel, in a form acceptable to AX1 and AX1's counsel, acting reasonably;
  - (e) a certificate of an officer of BNI to certify that BNI has no other Encumbrances on its Assets or incurred any other liabilities other than as disclosed in the BNI Financial Statements;



- (f) if BNI and AX1 settle on a mutually acceptable form of closing agenda prior to the Time of Closing, then such other closing documents as are listed on that closing agenda as closing documents to be delivered by BNI; and
- (g) if BNI and AX1 choose not to or are unable to settle on a mutually acceptable form of Closing agenda prior to the Time of Closing, then such other materials that are, in the opinion of AX1, acting reasonably, required to be delivered by the BNI Securityholders and by BNI in order for them to have met their obligations under this Agreement.

10.3 At the Time of Closing on the Closing Date, AX1 shall deliver to BNI the following:

- (a) certified true copies of the corporate authorizations of AX1 which are necessary in order to authorize and approve this Agreement, AX1's execution and delivery hereof and all of the transactions of AX1 contemplated hereunder, which authorization shall include specific reference to the approval of:
  - (i) this Agreement and the authorization of AX1's entry hereinto;
  - (ii) the purchase of the BNI Securities;
  - (iii) the issuance of AX1 Payment Securities to the BNI Securityholders pursuant to the terms of this Agreement; and
  - (iv) receipt of and acceptance of the AX1 Resignations and the appointment of BNI nominees for directors and officers;
- (b) certificates representing AX1 Payment Shares and AX1 Payment Special Warrants issued on Closing which are not subject to the Escrow Requirement, registered in the names of or as directed by the BNI Securityholders as provided for in Sections 2.2 and 2.3 of this Agreement;
- (c) the AX1 Resignations;
- (d) a certificate of an officer of AX1 certifying that (i) all of its representations and warranties are true as of Closing, (ii) all of its covenants have been performed, and (iii) all of the conditions for the benefit of AX1 have been complied with or waived;
- (e) a solicitor's opinion of AX1's counsel, in a form acceptable to BNI's counsel, acting reasonably;
- (f) the Escrow Agreement executed by AX1;
- (g) if BNI and AX1 settle on a mutually acceptable form of closing agenda prior to the Time of Closing, then such other closing documents as are listed on that closing agenda as closing documents to be delivered by AX1; and
- (h) if BNI and AX1 choose not to or are unable to settle on a mutually acceptable form of Closing agenda prior to the Time of Closing, then such other materials that are, in the opinion of BNI, acting reasonably, required to be delivered by AX1 in order for AX1 to have met its obligations under this Agreement.

10.4 The items tabled at Closing pursuant to Sections 10.2 and 10.3 shall be held in escrow until all of such items have been tabled and AX1 and the Representative (as defined in Section 12.1) have

acknowledged that they are satisfied therewith, whereupon such escrow shall be terminated and the Closing shall have occurred. If such escrow is not released on or before 5:00 p.m. on the Closing Date and the Representatives do not agree to an extension of the escrow, the Closing shall not occur, and the balance of the documents tabled by each party pursuant to this Section 10.4 shall be returned to such party.

## 11. Termination

11.1 This Agreement may be terminated by the mutual agreement of AX1 and BNI. Unless otherwise agreed in writing by AX1 and BNI, this Agreement shall terminate without further notice or agreement in the event that:

- (a) the Exchange provides reasonable indication to the parties hereto, determined at the sole discretion of BNI, that the Listing will not be approved without significant further corporate actions because of the Acquisition;
- (b) the Acquisition is rejected by the Exchange and all recourse and rights of appeal in respect of such rejection have been exhausted;
- (c) any condition precedent set out in Part 6 is not satisfied, released or waived on or before the Closing or such earlier date indicated therein; or
- (d) the Closing has not occurred on or before the Drop Dead Date, or such later date as may be approved by BNI and AX1 in writing, and one of the parties hereto has provided a written termination notice to the other parties hereto pursuant to Sections 15.9.

## 12. Power of Attorney

12.1 Each BNI Securityholder hereby irrevocably nominates, constitutes and appoints Dean Linden, the CEO of BNI, as his, her or its agent and attorney-in-fact (the “**Representative**”) to act on his, her or its behalf with full power and authority in his, her or its name, place and stead to:

- (a) deliver all certificates, documents and agreements representing the BNI Securities to AX1;
- (b) execute and deliver a stock power or agreement to transfer the BNI Securities to AX1;
- (c) execute and deliver all such further documents and instruments including, without limitation the Escrow Agreement and do all such acts and things as any party may, either before or after the Time of Closing of this Agreement, reasonably require of the other in order that the full intent and meaning of this Agreement is carried out;
- (d) give and receive Communications; and
- (e) take all actions necessary or appropriate in the judgment of the Representative for the accomplishment of the foregoing, including without limitation the right to resolve any disagreements or disputes, and to exercise such rights, power and authority as are incidental thereto;

and this power of attorney shall terminate upon the termination of this Agreement.

- 12.2 In the event that the Representative is unavailable to act as Representative, or becomes incapable (through death or legal incapacity) of acting as Representative, then such person as is then designated by a majority of the members of BNI's Board of Directors, as then constituted, is authorized and directed to take such action on behalf of BNI and each BNI Securityholder and to exercise such rights, power and authority as are authorized, delegated and granted to the Representative under this Agreement.
- 12.3 BNI and each BNI Securityholder agrees to be bound by the actions taken by the Representative pursuant to this power of attorney in accordance with the terms hereof and hereby waives any and all defences which may be available to BNI and each BNI Securityholder to contest, negate or disaffirm the action of the Representative taken under this power of attorney.
- 12.4 The Representative and BNI, its directors, officers, employees, advisors and agents, shall not be liable for any act done or omitted hereunder as attorney for BNI and each BNI Securityholder. BNI and each BNI Securityholder indemnifies the Representative and holds him harmless against any loss, liability or expense arising out of, or in connection with, any actions taken pursuant to this power of attorney.

### **13. Independent Legal Advice**

- 13.1 Each of the parties to this Agreement acknowledges and agrees that legal counsel for AX1 and BNI have acted as counsel only to AX1 and BNI respectively, and that neither is protecting the rights and interests of the BNI Securityholders. Each party to this Agreement acknowledges and agrees that they have been given the opportunity to seek independent legal advice with respect to the subject matter of this agreement and, further, the BNI Securityholders hereby represent and warrant to AX1 and BNI that they have sought independent legal advice or waive such advice.

### **14. Personal Information**

- 14.1 Each BNI Securityholder acknowledges and consents to: (i) the disclosure by AX1 and BNI of Personal Information (hereinafter defined) concerning the BNI Securityholder to any Government Authority including, but not limited to, the Exchange and its affiliates, authorized agents, subsidiaries and divisions; and (ii) the collection, use and disclosure of Personal Information by the Exchange for the following purposes (or as otherwise identified by the Exchange, from time to time):
- (a) to conduct background checks;
  - (b) to verify the Personal Information that has been provided about the BNI Securityholder;
  - (c) to consider the suitability of each BNI Securityholder as a holder of securities of AX1;
  - (d) to consider the eligibility of AX1 to list on the Exchange following the completion of the transactions contemplated by this Agreement;
  - (e) to provide disclosure to market participants as the security holdings of AX1's shareholders, and their involvement with any reporting issuers, issuers subject to a cease trade order or bankruptcy, and Information respecting penalties, sanctions or personal bankruptcies, and possible conflicts of interest with AX1;
  - (f) to detect and prevent fraud;
  - (g) to conduct enforcement proceedings; and,

- (h) to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada.
- 14.2 Herein, “**Personal Information**” means any Information about a shareholder required to be disclosed to any Government Authority, whether pursuant to a prescribed form or pursuant to a request made by a Government Authority.
- 14.3 Each BNI Securityholder acknowledges and consents to: (i) the fact that AX1 is collecting its Personal Information for the purpose of completing this Agreement; (ii) AX1 retaining such Personal Information for as long as permitted or required by law or business practices; (iii) the fact that AX1 may be required by securities laws, the rules and policies of any stock exchange or the rules of the Investment Industry Regulatory Organization of Canada to provide regulatory authorities with any Personal Information provided by the BNI Securityholder in this Agreement.

## 15. General

- 15.1 Neither AX1 nor BNI will make any press release, public announcement or public statement about the transactions contemplated herein which has not been previously approved by the others, except that AX1 may make a press release or filing with a regulatory authority if counsel for AX1 advises that such press release or filing is necessary under applicable securities laws or the rules and policies of the Exchange, provided that AX1 will provide BNI with the opportunity to review and provide comments prior to dissemination.
- 15.2 Subject to Section 15.3, each party to this Agreement will be responsible for all of his, her or its own expenses and costs in respect of the transactions contemplated hereunder including, without limitation, expenses and costs incurred for professional advice such as legal, accounting, tax, financial and business advice, among others, finder’s fees and any personal or corporate sales taxes, income taxes and capital gains.
- 15.3 BNI will be responsible for the costs associated with the drafting and effectiveness of the Prospectus and the completion of the Listing except that AX1 will pay \$25,000 toward those expenses. Within five business days of the Effective Date, AX1 will provide a retainer of \$25,000 to the appropriate legal firm, as identified by BNI, that is initiating the drafting of the documents for the completion of the Listing.
- 15.4 Time and each of the terms and conditions of this Agreement shall be of the essence of this Agreement and any waiver by the parties of this subsection or any failure by them to exercise any of their rights under this Agreement shall be limited to the particular instance and shall not extend to any other instance or matter in this Agreement or otherwise affect any of their rights or remedies under this Agreement.
- 15.5 The Schedules to this Agreement and the recitals to this Agreement constitute a part of this Agreement. The headings in this Agreement are for reference only and do not constitute terms of the Agreement. Whenever the singular or masculine is used in this Agreement the same shall be deemed to include the plural or the feminine or the body corporate or vice versa as the context may require.
- 15.6 This Agreement constitutes the entire Agreement between the parties hereto in respect of the matters referred to herein and there are no representations, warranties, covenants or agreements,

expressed or implied, collateral hereto other than as expressly set forth or referred to herein. In particular, upon the execution and delivery of this Agreement, the LOI, is hereby terminated and of no further force and effect.

- 15.7 The parties hereto shall execute and deliver all such further documents and instruments and do all such acts and things as any party may, either before or after the Closing, reasonably require of the other in order that the full intent and meaning of this Agreement is carried out. The provisions contained in this Agreement which, by their terms, require performance by a party to this Agreement subsequent to the Closing, shall survive the Closing of this Agreement.
- 15.8 No alteration, amendment, modification or interpretation of this Agreement or any provision of this Agreement shall be valid and binding upon the parties hereto unless such alteration, amendment, modification or interpretation is in written form executed by all of the parties to this Agreement.
- 15.9 Any payment, notice, request, demand, election and other communication of any kind whatsoever (a “**Communication**”) to be given under this Agreement shall be in writing and shall be delivered by hand or e-mail to the parties at their following respective addresses:

To BNI or the BNI Securityholders:

Blockluxe Network Inc.  
2900 – 595 Burrard Street  
Vancouver, British Columbia, V7X 1J5  
Attention: Dean Linden, CEO  
Email: [Dean@Blockluxe.com](mailto:Dean@Blockluxe.com)

With a copy to BNI’s counsel (which shall not constitute notice hereunder):

Owen Bird Law Corporation  
2900 – 595 Burrard Street  
Vancouver, British Columbia, V7X 1J5  
Attention: Jeff Lightfoot and Kari Richardson  
Email: [jlightfoot@owenbird.com](mailto:jlightfoot@owenbird.com) and [krichardson@owenbird.com](mailto:krichardson@owenbird.com)

To AX1:

AX1 Capital Corp.  
Attention: President  
10th Floor, 595 Howe Street  
Vancouver, British Columbia V6C 2T5  
Email: [hughrogersinc@gmail.com](mailto:hughrogersinc@gmail.com)

With a copy to AX1’s counsel (which shall not constitute notice hereunder):

10th Floor, 595 Howe Street  
Vancouver, British Columbia V6C 2T5  
Direct: (604) 602-6818  
[blindsay@dumoulinblack.com](mailto:blindsay@dumoulinblack.com)

or to such other addresses as may be given in writing by the parties hereto in the manner provided for in this subsection, and the party sending such notice should request acknowledgment of delivery and the party receiving such notice should provide such acknowledgment. Notwithstanding whether or not a request for acknowledgment has been made or replied to, whether or not delivery has occurred will be a question of fact. If a party can prove that delivery was made as provided for above, then it will constitute delivery for the purposes of this Agreement whether or not the receiving party acknowledged receipt. Each of the BNI Securityholders hereby appoints the Representative as its nominee for the purpose of receiving a Communication from AXI pursuant to this Agreement.

- 15.10 This Agreement may not be assigned by any party hereto without the prior written consent of all of the parties hereto.
- 15.11 This Agreement shall be subject to, governed by, and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and the parties hereby agree to attorn to the non-exclusive jurisdiction of the Courts of British Columbia and not to commence any form of proceedings in any other forum.
- 15.12 The phrase “to the knowledge of” when used to modify or describe the state of knowledge of factual or legal matters relating to a party, whether or not used with any other limiting or expansive language, shall be construed in all cases to mean “to the knowledge of the party after diligent enquiry”.
- 15.13 The headings in this Agreement are solely for convenience or reference and are not intended to be complete or accurate descriptions of content or to be guides to interpretation of this Agreement or any part of it.
- 15.14 The word “including”, when following any general statement or terms, is not to be construed as limiting the general statement or term to the specific items or matters set forth or to similar items or matters, but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its broadest possible scope.
- 15.15 All references to currency are deemed to mean lawful money of Canada and all amounts to be calculated or paid pursuant to this Agreement are to be calculated in lawful money of Canada and to be paid by certified cheque or bank draft drawn on a Canadian chartered bank payable at par in Vancouver, British Columbia.
- 15.16 All references herein to “Section”, “Schedule” or other parts of a document refer to sections, Schedules or other parts of his Agreement, unless otherwise explicitly stated.
- 15.17 A reference to a statute includes all regulations made thereunder, all amendments to the statute or regulation in force from time to time, and every statute or regulation that supplements or supersedes such statute or regulation.
- 15.18 Words importing the masculine gender include the feminine or neuter; words in the singular include the plural; a word importing a corporate entity includes an individual; and vice versa.
- 15.19 This Agreement may be signed by fax and in counterpart, and each copy so signed shall be deemed to be an original, and all such counterparts together shall constitute one and the same instrument.

*[Signature Page Follows]*

IN WITNESS WHEREOF the parties have executed this Agreement as of the Effective Date first above written.

**BLOCKLUXE NETWORK INC.**

Per:

*“R. Dean Linden”*

\_\_\_\_\_  
Authorized Signatory

**AX1 CAPITAL CORP.**

Per:

*“Hugh Rogers”*

\_\_\_\_\_  
Authorized Signatory

**BNI SECURITYHOLDERS:**

Please see the following pages for the BNI Securityholders’ signatures.





**SCHEDULE A  
TO THE SECURITY EXCHANGE AGREEMENT  
MADE AMONG AX1, BNI, AND THE BNI SECURITYHOLDERS**

**BNI Authorized Share Capital and Issued Securities**

Securities	Total Number Issued
Common Shares	1 (to be cancelled)
Special Warrants	10,507,405

**Ownership of BNI Securities and AX1 Payment Securities to be Received**

	Name of BNI Securityholders	Number of BNI Special Warrants Owned	Number and Type of AX1 Payment Shares or Special Warrants
1	Alex Langer	100,000	100,000
2	Allison Radiuk	150,000	150,000
3	David Rokoss	100,000	100,000
4	Maria Foran	200,000	200,000
5	Marshall House	200,000	200,000
6	Sim Family Trust	1,500,000	1,500,000
7	SXR Capital Corp	400,000	400,000
8	Troy Foran	200,000	200,000
9	Cypress Hills Partners Inc.	2,000,000	2,000,000
10	Rhonda Klatik	500,000	500,000
11	Kirk Gamley	50,000	50,000
12	RAS Capital Corp.	40,000	40,000
13	Maria & Troy Foran	75,000	75,000
14	Carrera Capital Management	500,000	500,000
15	David Anthony Wong	50,000	50,000
16	Michael Byron	200,000	200,000
17	Cypress Hills Partners Inc.	250,000	250,000
18	Mckenzie Esposito	30,000	30,000
19	Sandra Esposito	75,000	75,000
20	Carrera Capital Management	250,000	250,000
21	RAS Capital Corp.	60,000	60,000
22	Maria & Troy Foran	37,500	37,500
23	Kirk Gamley	100,000	100,000
24	Hazel Junphon Lew	25,000	25,000

	<b>Name of BNI Securityholders</b>	<b>Number of BNI Special Warrants Owned</b>	<b>Number and Type of AXI Payment Shares or Special Warrants</b>
25	Consolacion Ziegler	25,000	25,000
26	Brownell Lake Holding Inc	300,000	300,000
27	Robert Gelfond	625,000	625,000
28	Thomas B Christy	100,000	100,000
29	Dean Woodworth	125,000	125,000
30	TD Creations Inc.	250,000	250,000
31	Gary Foran	30,000	30,000
32	Robert Sim	125,000	125,000
33	Beverly Bartlett	50,000	50,000
34	1096210 BC Ltd	50,000	50,000
35	Jae Yeon Sung	100,000	100,000
36	Elizabeth McKnight	50,000	50,000
37	Barry McKnight	50,000	50,000
38	Paul Eto	50,000	50,000
39	Yumi Nakamura	25,000	25,000
40	Valerie Cheer	50,000	50,000
41	Mark Chernoff	50,000	50,000
42	Kymberley Chernoff	50,000	50,000
43	1166085 B.C. Ltd	925,000	925,000
44	Trevor Linden	125,000	125,000
45	SIMON JACOBSON	100,000	100,000
46	RICHARD COGLON	150,000	150,000
47	Miro Cernetig	250,000	250,000
48	Genwong Holdings	125,000	125,000
49	Tyler Foran	5,000	5,000
50	Donald Ferrier	31,250	31,250
51	RICHARD COGLON (RSP)	59,000	59,000
52	TOM COX (RSP)	300,000	300,000
53	Capital Event Management	300,000	300,000
54	Violeta Hatud	25,000	25,000
55	Rachelle Radiuk	75,000	75,000
56	Stephen Mellows	50,000	50,000
57	Catch Advisory Group	100,000	100,000
58	Edna + Lane Linden	175,000	175,000
59	Gordon Devin	125,000	125,000
60	Rosemarie Sim	50,000	50,000
61	Russell Holowachuk	250,000	250,000
62	David Reuben <sup>(1)</sup>	62,405	62,405
63	Haywood Securities	2,200,000	2,200,000
64	BMO Nesbitt Burns	300,000	300,000
65	Michael Ditson	20,000	20,000
66	Peter Gil	60,000	60,000
	<b>Total</b>	<b>15,060,155</b>	<b>15,060,155</b>

(1) U.S Person [NTD: **US holders to provide additional representation certificates as required by US securities law**]

(2)

**SCHEDULE B  
TO THE SECURITY EXCHANGE AGREEMENT  
MADE AMONG AX1, BNI, AND THE BNI SECURITYHOLDERS**

**AX1 Authorized Share Capital and Issued Securities**

AX1 has one class of share capital, being common shares without par value. As of the date of this Agreement, AX1 has issued and outstanding:

- (i) 1,385,001 common shares;
- (ii) nil common share purchase options;
- (iii) nil common shares purchase warrants; and,
- (iv) nil other securities.

**SCHEDULE C  
TO THE SECURITY EXCHANGE AGREEMENT  
MADE AMONG AX1, BNI, AND THE BNI SECURITYHOLDERS**

**Licences**

Nil

**SCHEDULE D  
TO THE SECURITY EXCHANGE AGREEMENT  
MADE AMONG AX1, BNI, AND THE BNI SECURITYHOLDERS**

**Subsidiaries of BNI**

Nil

**SCHEDULE E**  
**TO THE SECURITY EXCHANGE AGREEMENT**  
**MADE AMONG AX1, BNI, AND THE BNI SECURITYHOLDERS**

**Representations and Warranties of BNI**

BNI represents, warrants and agrees as of the date hereof and at the Time of Closing that:

1. BNI is duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation, and has all necessary corporate power to own its Assets and to conduct its business as such business is now being conducted;
2. BNI has the power, authority and capacity to enter into this Agreement and to carry out its terms and has all necessary corporate power to own its Assets and to conduct its business as such business is now being conducted;
3. to the extent required, BNI is qualified to conduct business in each jurisdiction as necessary to perform its obligations under each of its Material Contracts, as applicable;
4. BNI does not own or control directly or indirectly, any interest in any other corporation, association, partnership, joint venture or other business entity;
5. the execution and delivery of this Agreement and all other related agreements or documents, and the completion of the transactions contemplated hereby, will by the Time of Closing have been duly and validly authorized by all necessary corporate acts on the part of it, and this Agreement constitutes a legal, valid and binding obligation of it;
6. the number of authorized share capital of BNI is, or will be at the Time of Closing, as described in Schedule A, as may be amended by BNI from time to time until the Closing with the written consent of AX1, all of which shares and warrants will be at the time of Closing validly issued, fully paid and non-assessable and are registered and beneficially owned to the Persons and in amounts described in Schedule A, and will be, as at the Time of Closing, free and clear of all Encumbrances of any kind whatsoever;
7. the BNI Securityholders will hold all of the issued BNI Shares and BNI Special Warrants as set out in Schedule A, free and clear of all Encumbrances of any kind whatsoever at the Time of Closing;
8. the rights, privileges, restrictions and conditions attached to the BNI Shares are as set out in BNI's constating documents and under applicable corporate legislation;
9. the rights, privileges, restrictions and conditions attached to the BNI Special Warrants are as set out in the certificates representing such warrants;
10. there are and will be at the Time of Closing no outstanding share purchase warrants, broker options, options or other rights or other arrangements to acquire shares in the capital of BNI or under which BNI is bound or obligated to issue additional shares in its capital, other than the BNI Special Warrants; and none of the BNI Securityholders, BNI Shares or BNI Special Warrants are subject to the terms of any shareholder or voting trust agreement;



11. BNI has not entered into any agreement, option, understanding or commitment or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, option or commitment with any Third Party, for the acquisition of any portion of the Assets of BNI which has not been terminated prior to the date hereof;
12. the Assets including all assets necessary to conduct the Business are owned and at the Time of Closing will be owned by BNI free and clear of all Encumbrances whatsoever other than as set out in Schedule M and BNI is not aware of any adverse claim or claims which may affect its ownership of the Assets;
13. neither the execution and delivery of this Agreement, nor the completion of the transactions contemplated hereby will conflict with or result in any breach of any of the terms and provisions of, or constitute a default under, the constating documents, director or shareholder minutes of BNI, or any agreement or instrument or statute or laws to which BNI is a party or by which the Assets of BNI are bound or any order, decree, statute, regulation, covenant or restriction applicable to BNI;
14. except as set out in Schedule N, to the knowledge of BNI, there are no actions, suits or proceedings, judicial or administrative (whether or not purportedly on behalf of BNI) pending or threatened by or against BNI or affecting Assets at law or in equity, or before or by any federal, provincial, state, municipal or other governmental court, department, commission, board, bureau, agency or instrumentality, domestic or foreign and BNI is not aware of any existing ground on which any such action, suit or proceeding might be commenced with any reasonable likelihood of success;
15. except as set out in Schedule N, to the knowledge of BNI, none of BNI, an Asset or any part of the Business is in any respect infringing the right of any Person under or in respect of any patent, design, trademark, trade name, copyright or other industrial or intellectual property, and no Person has alleged to BNI a violation by BNI of such a right;
16. except as set out in Schedule O, to the knowledge of BNI, all of the Intangible Property of BNI is described in Schedule K and is owned by unencumbered good and marketable title, subject to no pending challenge, revocation, expiry or termination, and BNI is not required to pay any royalties, fees or other similar consideration to any Person with respect to the use of the Intangible Property, except as set out in Schedule K. Except as set out in Schedule K, there are no restrictions on the ability of BNI to use and exploit all rights in the Intangible Property, all statements in all applications for registrations of the Intangible Property were true and correct as of the date of such applications, each of the trade-marks and trade names in the Intangible Property is in use and none of the rights of BNI in the Intangible Property will be affected in any way by the transactions contemplated in this Agreement. To the knowledge of BNI, there is no infringement of any Intangible Property rights by any other Person;
17. to the knowledge of BNI, all widely available commercially available end-user business software used by BNI and any of its employees is pursuant to valid licences, and there is no unauthorized use of third-party software by BNI or its employees in the course of their employment responsibilities;
18. all employees of BNI and consultants or other third parties engaged by BNI for the purpose of developing Intangible Property have entered into a valid and binding written agreement with BNI sufficient to vest title in BNI of all Intangible Property created by such employee in the scope of his or her employment with BNI. With respect to employees of BNI and consultants or other

third parties engaged by BNI for the purpose of developing Intangible Property who have not entered into such a valid and binding written agreement with BNI, BNI has sufficient rights to vest title in BNI of all Intangible Property created by such Person in the scope of his or her employment with BNI;

19. BNI has no contract, commitment or arrangement, whether written, oral or implied with any Person whatsoever relating to employment which contains any specific agreement as to notice of termination or severance pay in lieu thereof or which cannot be terminated without cause upon giving reasonable notice as may be implied by law without the payment of, or any liability in respect of, any bonus, damages, share of profits or penalty, and there are no policies or practices of BNI which confer benefits in the employees of BNI or result in obligations of BNI with respect to its employees, except as disclosed in Schedule P;
20. BNI does not have a pension, stock option or stock purchase plan or a profit sharing, incentive or bonus plan or other deferred compensation plan, or an employee group insurance plan, hospitalization plan, disability plan or other employee benefit plan, program, policy or practice, formal or informal with respect to any of its employees, other than the Canada Pension Plan and other similar health plans established pursuant to statute, and BNI do not have any unfunded or unpaid liability in respect of such plan;
21. there are no employees of BNI that BNI considers it has the right to terminate for cause; and no employee has made any claim or has any basis for any action or proceeding against BNI arising out of any statute, ordinance or regulation relating to discrimination in employment or employment practices, harassment, occupational health and safety standards or workers' compensation;
22. to the knowledge of BNI, no employee or consultant has made or has any basis for making any claim (whether under law, any employment or consulting agreement or otherwise) on account of or for: (a) overtime pay, other than overtime for the current payroll period; (b) wages or salary for any period other than the current payroll period; (c) any bonus, raise or other compensation or remuneration; (d) other time off, sick time or pay in lieu; or (e) any violation of any statute, ordinance, or regulation relating to minimum wages or the maximum hours of work;
23. all Material Contracts of BNI and all amendments and extensions thereof are listed in Schedule H, a true and complete copy of which has been made available to AX1. BNI is not in default or breach of its obligations under its Material Contracts and to the knowledge of BNI, there exists no state of facts which, after notice or lapse of time or both, would constitute such a default or breach, and all such contracts are now in good standing and in full force and effect without amendment thereto and BNI is entitled to all benefits thereunder. Further, there are no outstanding material disputes under any such contracts and, except for the Approvals, no consents, releases, waivers or approvals are necessary under such contracts with regard to the transactions described in this Agreement;
24. BNI has kept and to BNI's knowledge, has provided AX1 with proper and consistent accounts, Books and Records of their activities, and such accounts, Books and Records are up to date and there has been no material change in any practice or policy insofar as such change might affect the valuation of assets or the recording of expenditures or receipts relating to BNI and the Business and Assets;
25. all material data and Information relating to the Business and Assets have been made available to AX1 for inspection or otherwise disclosed to AX1;

26. BNI owns and maintains and there is now in full force and effect insurance with respect to the Business and Assets sufficient for compliance with requirements of law and all agreements which BNI is a party or by which they are bound and which provides adequate insurance coverage for the Assets and the operation of the Business in accordance with prudent risk management and Schedule O is a true and complete list of all insurance contracts or other coverage held by BNI in respect of the Business and Assets, and there are presently no pending claims under any insurance held by BNI and BNI is not in any respect material to the Business, in default with respect to any of the provisions contained in any insurance policies and has not failed to give any notice or present any claim under any insurance policy in due and timely fashion and, since obtaining such insurance, there has been no material changes in risks associated with any such insurance;
27. the BNI Financial Statements, a copy of which appears as Schedule J, are true and correct in every material respect and present fairly and accurately the financial position and results of the operations of BNI for the period then ended and the BNI Financial Statements have been prepared in accordance with international financial reporting standards applied on a consistent basis;
28. the Books and Records of BNI disclose all material financial transactions of BNI since incorporation and such transactions have been fairly and accurately recorded;
29. except as disclosed in the BNI Financial Statements:
  - (a) BNI is not indebted to the BNI Securityholders or any one of them, whether by way of shareholder loan, unpaid, accrued or deferred compensation or otherwise;
  - (b) none of the BNI Securityholders or any other officer, director or employee of BNI is indebted or under obligation to BNI on any account whatsoever; and
  - (c) BNI has not guaranteed or agreed to guarantee any debt, liability or other obligation of any kind whatsoever of any Person, firm or corporation of any kind whatsoever;
30. there are no material liabilities of BNI whether direct, indirect, absolute, contingent or otherwise, which are not disclosed or reflected in the BNI Financial Statements except those incurred in the ordinary course of business of BNI, and such liabilities are recorded in BNI's Books and Records;
31. except as disclosed in this Agreement, since incorporation, BNI has not:
  - (a) declared, made or committed itself to make any payment of any dividends or any other distribution in respect of its shares or subdivided, consolidated or reclassified, or redeemed, purchased or otherwise acquired or agreed to acquire any of its shares;
  - (b) issued or sold any shares in its capital or any warrants, bonds, debentures or its other corporate securities or issued, granted or delivered any right, option or other commitment for the issuance of any such securities;
  - (c) mortgaged, pledged, subjected to lien, granted a security interest in or otherwise encumbered any of its Assets, whether tangible or intangible;
  - (d) made any gift of money or of any of its Assets to any Person;
  - (e) made any licence, sale, assignment, transfer, or disposition of its Assets; or
  - (f) authorized, agreed or otherwise become committed to do any of the foregoing;
32. BNI has filed with appropriate taxation authorities, federal, state, provincial and local, all returns, reports and declarations which are required to be filed by it and has paid all Taxes which have

become due and no taxing authority is asserting or has, to the knowledge of BNI threatened to assert, or has any basis for asserting against BNI any claim for additional Taxes or interest thereon or penalty;

33. BNI has no indebtedness, liabilities or obligations, secured or unsecured (whether accrued, absolute, contingent or otherwise), except for those described in the BNI Financial Statements, those incurred in the ordinary course of business and those incurred in connection with the transactions contemplated by this Agreement;
34. BNI is conducting and has since incorporation conducted its business in compliance with all Applicable Laws of each jurisdiction in which they carry on business;
35. Except as provided for in this Agreement BNI has not incurred any liability for brokers' or finder's fees of any kind whatsoever with respect to this Agreement or any transaction contemplated under this Agreement;
36. the corporate records of BNI are or will be on Closing complete and accurate in all material respects;
37. the information supplied for BNI for inclusion in the Prospectus shall not, on the date the Prospectus is filed on SEDAR and at the Closing Time, contain any statement which, at such time and in light of the circumstances under which it was made, be false or misleading with respect to any material fact, or shall omit to state any material fact necessary in order to make the statements made therein not false or misleading, and if at any time prior to the Closing Time any event relating to BNI or its directors or officers should be discovered by BNI which should be set forth in a supplement to the Prospectus, BNI shall promptly inform AX1 thereof in writing;
38. except as disclosed in this Agreement, BNI has no information or knowledge of any fact relating to the Business, the Assets or any indebtedness of BNI or the transactions contemplated hereby which might reasonably be expected to affect, materially and adversely, any of the Assets or the organization, operations, affairs, business, properties, prospects or financial condition or position of BNI;
39. all disclosure documents of BNI, including but not limited to, financial statements, prospectuses, offering memorandums, information circulars, material change reports and shareholder communications (the "**BNI Disclosure Documents**") contain no untrue statement of a material fact as at the date thereof nor do they omit to state a material fact which, at the date thereof, was required to have been stated or was necessary to prevent a statement that was made from being false or misleading in the circumstances in which it was made; and
40. the facts that are the subject of the representations and warranties of BNI contained in this Agreement comprise all material facts known to BNI which are material and relevant to their obligations hereunder or which might prevent any of them from meeting their obligations under this Agreement.

**SCHEDULE F**  
**TO THE SECURITY EXCHANGE AGREEMENT**  
**MADE AMONG AX1, BNI, AND THE BNI SECURITYHOLDERS**

**Representations and Warranties of AX1**

AX1 represents, warrants and agrees as of the date hereof and at the Time of Closing that:

1. AX1 is a corporation duly incorporated, validly existing and in good standing under the laws of the Province of British Columbia, and has the power, authority and capacity to enter into this Agreement and to carry out its terms and has all necessary corporate power to own the AX1 Interests and to conduct its business as such business is now being conducted;
2. AX1 does not own or control directly or indirectly, any interest in any other corporation, association, partnership, joint venture or other business entity;
3. the execution and delivery of this Agreement and all other related agreements or documents, and the completion of the transactions contemplated hereby, will by the Time of Closing have been duly and validly authorized by all necessary corporate acts on the part of AX1, and this Agreement constitutes a legal, valid and binding obligation of AX1;
4. the authorized share capital of AX1 consists of an unlimited number of common shares without par value, and at the Time of Closing the issued share capital will not exceed the number of AX1 Common Shares described in Schedule B, all of which shares are validly issued, fully paid, and non-assessable;
5. the rights, privileges, restrictions and conditions attached to the AX1 Shares are as set out in AX1's constating documents and under applicable corporate legislation;
6. except as set out in Schedule B, there are and will be at the Time of Closing no outstanding share purchase warrants, broker options, options or other rights or other arrangements under which AX1 is bound or obligated to issue additional shares in its capital, and, to AX1's knowledge, none of the outstanding AX1 Common Shares are subject to the terms of any shareholder or voting trust agreement;
7. all disclosure documents of AX1, including but not limited to, central securities register, financial statements, prospectuses, offering memorandums, information circulars, material change reports and shareholder communications (the "**AX1 Disclosure Documents**") contain no untrue statement of a material fact as at the date thereof nor do they omit to state a material fact which, at the date thereof, was required to have been stated or was necessary to prevent a statement that was made from being false or misleading in the circumstances in which it was made;
8. neither the execution and delivery of this Agreement, nor the completion of the transactions contemplated hereby will conflict with or result in any breach of any of the terms and provisions of, or constitute a default under, the constating documents, director or shareholder minutes of AX1, or any agreement or instrument or statute or law to which AX1 is a party or by which the AX1 Interests or any assets of AX1 are bound or any order, decree, statute, regulation, covenant or restriction applicable to AX1;
9. AX1 is the sole registered and beneficial owner of all of its assets;

10. all of the assets and material transactions of AX1 have been properly recorded or filed in or with the books or records of AX1;
11. to the knowledge of AX1, there are no actions, suits or proceedings, judicial or administrative (whether or not purportedly on behalf of AX1) pending or threatened by or against AX1 or affecting AX1's assets at law or in equity, before or by any federal, provincial, state, municipal or other governmental court, department, commission, board, bureau, agency or instrumentality, domestic or foreign, and AX1 is not aware of any existing ground on which any such action, suit or proceeding might be commenced with any reasonable likelihood of success;
12. all Material Contracts of AX1 and all amendments and extensions thereof are listed in Schedule I, a true and complete copy of which has been made available to BNI. AX1 is not in default or breach of its obligations under any Material Contracts to which it is a party and to the knowledge of AX1, there exists no state of facts which, after notice or lapse of time or both, would constitute such a default or breach, and all such Material Contracts are now in good standing and in full force and effect without amendment thereto and AX1 is entitled to all benefits thereunder. Further, there are no outstanding material disputes under any such contracts and, except for the Regulatory Approvals, no consents, releases, waivers or approvals are necessary under such contracts with regard to the transactions described in this Agreement;
13. AX1 has filed with appropriate taxation authorities, federal, state, provincial and local, all returns, reports and declarations which are required to be filed by it and has paid all Taxes which have become due and no taxing authority is asserting or has, to the knowledge of AX1 threatened to assert, or has any basis for asserting against AX1 any claim for additional Taxes or interest thereon or penalty;
14. the audited financial statements of AX1 for the period from incorporation on October 10, 2017 to the fiscal year ended December 31, 2017, and the unaudited interim financial statements for the three and six month period ended June 30, 2018, (the "**AX1 Financial Statements**"), copies of which have been delivered or will be delivered to BNI and the Exchange prior to the filing of the Prospectus, as may be amended, and the Listing, are true and correct in every material respect and present fairly and accurately the financial position and results of the operations of AX1 for the periods then ended and the AX1 Financial Statements have been prepared in accordance with international financial reporting standards applied on a consistent basis;
15. the books and records of AX1 disclose all material financial transactions of AX1 since December 31, 2018 and such transactions have been fairly and accurately recorded;
16. there are no material liabilities of AX1, whether direct, indirect, absolute, contingent or otherwise, which are not disclosed or reflected in the AX1 Financial Statements except those incurred in the ordinary course of business of AX1;
17. since December 31, 2018, there has not been any material adverse change of any kind whatsoever to financial position or condition of AX1 or any damage, loss or other change of any kind whatsoever in circumstances materially affecting the business or assets of AX1 or the right or capacity of AX1 to carry on its business other than as disclosed in the AX1 Financial Statements and the AX1 Disclosure Documents;
18. to its knowledge, AX1 is not in material breach of any law, ordinance, statute, regulation, by-law, order or decree of any kind whatsoever;

19. AX1 is conducting and has since incorporation conducted its business in compliance with all Applicable Laws of each jurisdiction in which it carries on business;
20. except as disclosed in this Agreement, AX1 has not incurred any liability for broker's or finder's fees of any kind whatsoever with respect to this Agreement or any transaction contemplated under this Agreement, other than in connection with the Financing;
21. the facts which are the subject of the representations and warranties of AX1 contained in this Agreement comprise all material facts known to AX1 which are material and relevant to its obligations hereunder or which might prevent it from meeting its obligations under this Agreement;
22. AX1 has no contract, commitment or arrangement, whether written, oral or implied with any Person whatsoever relating to employment which contains any specific agreement as to notice of termination or severance pay in lieu thereof or which cannot be terminated without cause upon giving reasonable notice as may be implied by law without the payment of, or any liability in respect of, any bonus, damages, share of profits or penalty; and there are no policies or practices of AX1 which confer benefits to the employees of AX1 or result in obligations of AX1 with respect to its employees;
23. AX1 does not have a pension, stock option or stock purchase plan or a profit sharing, incentive or bonus plan or other deferred compensation plan, or an employee group insurance plan, hospitalization plan, disability plan or other employee benefit plan, program, policy or practice, formal or informal with respect to any of its employees, other than a 10% incentive stock option plan as described in the AX1 Disclosure Documents, the Canada Pension Plan and other similar health plans established pursuant to statute, and AX1 do not have any unfunded or unpaid liability in respect of such plan;
24. there are no employees of AX1 that AX1 considers it has the right to terminate for cause; and no employee has made any claim or has any basis for any action or proceeding against AX1 arising out of any statute, ordinance or regulation relating to discrimination in employment or employment practices, harassment, occupational health and safety standards or workers' compensation;
25. to the knowledge of AX1, no employee or consultant has made or has any basis for making any claim (whether under law, any employment or consulting agreement or otherwise) on account of or for: (a) overtime pay, other than overtime for the current payroll period; (b) wages or salary for any period other than the current payroll period; (c) any bonus, raise or other compensation or remuneration; (d) other time off, sick time or pay in lieu; or (e) any violation of any statute, ordinance, or regulation relating to minimum wages or the maximum hours of work;
26. AX1 has kept and to its knowledge, has provided BNI with proper and consistent accounts, Books and Records of their activities, and such accounts, Books and Records are up to date and there has been no material change in any practice or policy insofar as such change might affect the valuation of assets or the recording of expenditures or receipts relating to AX1 and its business;
27. all material data and Information relating to AX1 and its business have been made available to BNI for inspection or otherwise disclosed to BNI;
28. except as disclosed in the AX1 Financial Statements:

- (a) AX1 is not indebted to any of its officers, directors or shareholders, whether by way of shareholder loan, unpaid, accrued or deferred compensation or otherwise;
  - (b) no officer, director, employee or shareholder of AX1 is indebted or under obligation to AX1 on any account whatsoever; and
  - (c) AX1 has not guaranteed or agreed to guarantee any debt, liability or other obligation of any kind whatsoever of any Person, firm or corporation of any kind whatsoever; and
29. except as disclosed in this Agreement, since December 31, 2018, AX1 has not:
- (a) declared, made or committed itself to make any payment of any dividends or any other distribution in respect of its shares or subdivided, consolidated or reclassified, or redeemed, purchased or otherwise acquired or agreed to acquire any of its shares;
  - (b) issued or sold any shares in its capital or any warrants, bonds, debentures or its other corporate securities or issued, granted or delivered any right, option or other commitment for the issuance of any such securities;
  - (c) mortgaged, pledged, subjected to lien, granted a security interest in or otherwise encumbered any of its assets, whether tangible or intangible;
  - (d) made any gift of money or of any of its assets to any Person;
  - (e) made any licence, sale, assignment, transfer, or disposition of its assets; or
  - (f) authorized, agreed or otherwise become committed to do any of the foregoing.



**SCHEDULE G**  
**TO THE SECURITY EXCHANGE AGREEMENT**  
**MADE AMONG AX1, BNI, AND THE BNI SECURITYHOLDERS**

**Representations and Warranties of the BNI Securityholders**

Each BNI SecurityholderSecurityholder severally represents, warrants and agrees as of the date hereof and at the Time of Closing that:

1. the BNI Securityholder is and will be at the Time of Closing the legal and beneficial owner of the BNI Securities as set forth in Schedule A;
2. the BNI Securityholder holds no other securities of BNI, including any right or option to acquire any unissued securities of BNI;
3. the BNI Securities held by the BNI Securityholder are free and clear of all Encumbrances;
4. the BNI Securityholder has not incurred any liability for broker's or finder's fees of any kind whatsoever with respect to this Agreement or any transaction contemplated under this Agreement;
5. the BNI Securityholder has the right, power, capacity and authority to enter into this Agreement and to sell such BNI Securities as contemplated herein. If the BNI Securityholder is not an individual, the BNI Securityholder is duly organized and validly existing under the laws of its jurisdiction of organization and has the corporate or other power to enter into this Agreement and any other agreement to which it is or is to become a party pursuant to the terms hereof and to perform its obligations hereunder and thereunder;
6. except for AX1's rights hereunder, no person has any option, warrant, right, call, commitment, conversion right, right of exchange or other agreement or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an option, warrant, right, call, commitment, conversion right, right of exchange or other agreement for the purchase from the BNI Securityholder any of its BNI Securities;
7. the execution, delivery and performance by the BNI Securityholder of this Agreement and the execution, delivery and performance by the BNI Securityholder, of or under any other agreements or instruments to which it is or is to become a party pursuant to the terms hereof, and the consummation of the transactions contemplated hereunder and thereunder:
  - (i) if the BNI Securityholder is not an individual, has been duly authorized by all necessary corporate action on the part of such BNI Securityholder; and
  - (ii) if the BNI Securityholder is not an individual, do not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) result in a violation or a breach of, or a default under or give rise to a right of termination, amendment or cancellation or the acceleration of any obligation under: (A) any charter, by-law or trust deed instrument of the BNI Securityholder as applicable, (B) any mortgage, note, indenture contract, instrument, lease, licence or permit to which the BNI Securityholder is a party or by which the BNI Securityholder is bound or to which any property or material assets of the BNI Securityholder is subject, (C) any laws applicable

to the BNI Securityholder, or (D) any judgment, decree or order binding the BNI Securityholder or its property or material assets;

8. this Agreement has been, and each additional agreement or instrument required to be delivered pursuant to this Agreement shall be at the Time of Closing, duly authorized, executed and delivered by the BNI Securityholder and each shall be at the Time of Closing, a legal, valid and binding obligation of the BNI Securityholder enforceable against the BNI Securityholder in accordance with its terms;
9. no consent, approval, order or authorization of, or registration or declaration with, any third party or Governmental Authority with jurisdiction over the BNI Securityholder is required to be obtained by such BNI Securityholder in connection with the execution and delivery of this Agreement or the completion of the transactions contemplated herein, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained by the Closing Date, would not prevent or materially delay the completion of the acquisition or otherwise prevent such BNI Securityholder from performing its obligations under this Agreement;

**SCHEDULE H  
TO THE SECURITY EXCHANGE AGREEMENT  
MADE AMONG AX1, BNI, AND THE BNI SECURITYHOLDERS**

**BNI Material Contracts**

Nil

**SCHEDULE I  
TO THE SECURITY EXCHANGE AGREEMENT  
MADE AMONG AX1, BNI, AND THE BNI SECURITYHOLDERS**

**AX1 Material Contracts**

1.	Nil
2.	

**SCHEDULE J  
TO THE SECURITY EXCHANGE AGREEMENT  
MADE AMONG AX1, BNI, AND THE BNI SECURITYHOLDERS**

**BNI Financial Statements**

Audited financial statements, which will be provided prior to and for the submission of the Prospectus.

**AX1 Financial Statements**

Audited financial statements, which will be provided prior to and for the submission of the Prospectus.

**SCHEDULE K  
TO THE SECURITY EXCHANGE AGREEMENT  
MADE AMONG AX1, BNI, AND THE BNI SECURITYHOLDERS**

**BNI Intangible Property**

Name, mark and rights to the name “Luxxfolio”

SmartLuxx platform

Name, mark and rights to the name “SmartLuxx”

Verification Tag and corresponding Quick Response Code

Android mobile application (App)

Luxxfolio blockchain

All software, data, and trademarks, patents, and intellectual property associated with the above

**SCHEDULE L  
TO THE SECURITY EXCHANGE AGREEMENT  
MADE AMONG AX1, BNI, AND THE BNI SECURITYHOLDERS**

**BNI Owned Equipment**

Nil

**SCHEDULE M  
TO THE SECURITY EXCHANGE AGREEMENT  
MADE AMONG AX1, BNI, AND THE BNI SECURITYHOLDERS**

**List of BNI Encumbrances**

Nil



**SCHEDULE N  
TO THE SECURITY EXCHANGE AGREEMENT  
MADE AMONG AX1, BNI, AND THE BNI SECURITYHOLDERS**

**Litigation Pertaining to BNI**

Nil

**SCHEDULE O**  
**TO THE SECURITY EXCHANGE AGREEMENT**  
**MADE AMONG AX1, BNI, AND THE BNI SECURITYHOLDERS**

**Insurance Policies Held by BNI**

Nil

**SCHEDULE P  
TO THE SECURITY EXCHANGE AGREEMENT  
MADE AMONG AX1, BNI, AND THE BNI SECURITYHOLDERS**

**List of Employees of BNI**

Nil