

**AGREEMENT AND PLAN OF MERGER**

**AMONG**

**VSBLTY GROUPE TECHNOLOGIES CORP.  
A BRITISH COLUMBIA CORPORATION**

**and**

**VSBLTY MERGER CO.  
A DELAWARE CORPORATION**

**and**

**VSBLTY, INC.  
A DELAWARE CORPORATION**

**December 12, 2018**

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**THIS AGREEMENT AND PLAN OF MERGER** is made as of December 12, 2018.

**AMONG:**

**VSBLTY GROUPE TECHNOLOGIES CORP.** a corporation existing under the laws of the Province of British Columbia, having an office at 1240, 1140 West Pender Street, Vancouver, British Columbia V6E 4G1

(“**BC Co**”)

OF THE FIRST PART

**AND:**

**VSBLTY MERGER CO.**, a corporation existing under the laws of the State of Delaware having an office at 1240, 1140 West Pender Street, Vancouver, British Columbia V6E 4G1

(“**Merger Co**”)

OF THE SECOND PART

**AND:**

**VSBLTY, INC.**, a corporation existing under the laws of the State of Delaware, having an office at 417 North 8<sup>th</sup> Street, Suite 300, Philadelphia, Pennsylvania 19123

(“**Company**”)

OF THE THIRD PART

**WHEREAS:**

(A) Merger Co is a wholly-owned subsidiary of BC Co;

(B) It is anticipated that the merger transaction contemplated herein will be structured as a ‘reverse-takeover,’ specifically, as a reverse triangular merger under the Delaware General Corporation Law, among BC Co, Merger Co and the Company pursuant to which Merger Co will be merged with and into the Company, with the Company as the surviving corporation on terms more particularly set forth herein (the “**Merger**”); and

(C) The board of directors of each of BC Co, the Company and Merger Co have unanimously determined that the Merger is in the best interest of their respective shareholders, and have resolved to support the Merger and to enter into this Agreement;

**NOW THEREFORE**, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the parties covenant and agree as follows:

## **PART 1 DEFINITIONS AND INTERPRETATION**

### **1.1 Definitions**

For the purposes of this Agreement, except as otherwise expressly provided herein, the following words and phrases will have the following meanings:

- (a) **“Affiliate”** has the meaning specified in the Securities Act;
- (b) **“Agreement”** means this Agreement and Plan of Merger;
- (c) **“Agreement Date”** means the date of this Agreement;
- (d) **“Applicable Securities Law”** means applicable securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time;
- (e) **“Applicable Delaware State Law”** means the Delaware General Corporation Law (Title 8, Chapter 1);
- (f) **“BC Co”** has the meaning given to the term in the introduction above;
- (g) **“Board of Directors”** means the board of directors of the Company;
- (h) **“Books and Records”** means all technical, business and financial records, financial books and records of account, books, data, reports, files, lists, drawings, plans, logs, briefs, customer and supplier lists, deeds, certificates, contracts, surveys, title opinions or any other documentation and information in any form whatsoever (including written, printed, electronic or computer printout form) relating to a corporation and its business;
- (i) **“Business Day”** means any day, other than a Saturday, Sunday or statutory holiday in the Province of British Columbia, Canada or Philadelphia, Pennsylvania;
- (j) **“Certificate of Merger”** means the certificate of merger issued under Applicable Delaware State Law in connection with the completion of the Merger;
- (k) **“Closing”** means the completion of the transactions contemplated herein;
- (l) **“Closing Date”** means the Business Day on which all conditions set forth in Part 9 (other than those conditions that by their nature are to be satisfied or waived at the Closing, but subject to the satisfaction or waiver of those conditions) are satisfied or waived or such other Business Day as the Parties may agree to in writing;
- (m) **“Common Shares”** means the common shares in the capital of BC Co;
- (n) **“Company”** has the meaning given to the term in the introduction above;

- (o) “**Company Approval**” means the approval of the Merger, and such other ancillary matters related thereto, by the requisite number of Company Shareholders in accordance with Applicable Delaware State Law;
- (p) “**Company Financial Statements**” has the meaning set forth in §4.1(i);
- (q) “**Company Shares**” means the shares of common stock of the Company;
- (r) “**Company Shareholders**” means holders of the Company Shares;
- (s) “**Company Warrants**” means the outstanding share purchase warrants of Company to acquire up to 289,829 Company Shares;
- (t) “**Contract**” means, with respect to a Person, any contract, instrument, permit, concession, licence, loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, partnership or joint venture agreement or other legally binding agreement, arrangement or understanding, whether written or oral, to which the Person is a party or by which, to the knowledge of such Person, the Person or its property and assets is bound or affected;
- (u) “**Confidential Information**” means any information concerning the Company or BC Co (the “**Disclosing Party**”) or its business, properties and assets made available to the other party or its representatives (the “**Receiving Party**”); provided that it does not include information that (i) is generally available to or known by the public other than as a result of improper disclosure by the Receiving Party, or (ii) is obtained by the Receiving Party from a source other than the Disclosing Party, provided that (to the reasonable knowledge of the Receiving Party) such source was not bound by a duty of confidentiality to the Disclosing Party or another party with respect to such information;
- (v) “**CSE**” means the Canadian Securities Exchange;
- (w) “**Customer Data**” means any information, data or materials received by or on behalf of Company from its end users in connection with the use of the products, services and technologies offered by Company;
- (x) “**Debentures**” means
  - (i) outstanding secured debentures of the Company in the aggregate principal amount of \$500,000, which, in accordance with their terms, will automatically convert into Company Shares immediately prior to Closing, and pursuant to the Transaction will be exchanged for Payment Shares at Closing, such that each holder will receive the number of Company Shares that results in such holder receiving one Payment Share for each \$0.05 of principal amount outstanding under the debentures; and
  - (ii) outstanding secured debentures of the Company in the aggregate principal amount of \$1,000,000, which, in accordance with their terms, will automatically convert into Company Shares immediately prior to Closing, and pursuant to the Transaction will be exchanged for Payment Shares at Closing, such that each holder will receive the number of Company Shares that results in such holder receiving one Payment Share for each \$0.10 of principal amount outstanding under the debentures;
- (y) “**Debt Conversion Shares**” has the meaning set forth in §2.3;

(z) “**Disclosure Document**” means a prospectus, listing statement and any other disclosure document, prepared by BC Co in accordance with applicable securities laws and the policies of the CSE in connection with the Transaction contemplated herein;

(aa) “**Effective Time**” means the effective time of the Merger, which will be the time of filing of the Certificate of Merger with the Secretary of State of the State of Delaware;

(bb) “**Employee**” means an officer or employee of the Company or a Person providing services in the nature of an employee to the Company;

(cc) “**Finders Warrants**” means 760,426 outstanding Common Share purchase warrants issued to certain finders by BC Co in connection with the distribution of the Special Warrants, each of which Finders Warrant will be exercisable to purchase one Common Share at a price of \$0.40 per share for a period of one year from the date of issuance;

(dd) “**Governmental Authority**” means and includes, without limitation, any national, federal government, province, state, municipality or other political subdivision of any of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing, including the CSE;

(ee) “**IFRS**” means International Financial Reporting Standards;

(ff) “**Intellectual Property Rights**” means any and all intellectual property or proprietary rights arising at law or in equity, including, without limitation, (i) patents, all patent rights and all applications therefor and all reissues, re-examinations, continuations, continuations-in-part, divisions, and patent term extensions thereof, (ii) inventions (whether patentable or not), discoveries, improvements, concepts, innovations and industrial models, (iii) registered and unregistered copyrights, copyright registrations and applications, mask works and mask work registrations and applications therefor, author’s rights and works of authorship, (iv) URLs, web sites, web pages and any part thereof, (v) technical information, know-how, trade secrets, drawings, designs, design protocols, specifications, proprietary data, customer lists, databases, proprietary and manufacturing processes, technology, formulae, and algorithms, (vi) trade names, trade dress, trademarks, domain names, service marks, logos, business names, and registrations and applications therefor, (g) industrial designs or design patents, whether or not patentable or registrable, patented or registered or the subject of applications for registration or patent or registration and all rights of priority, applications, continuations, continuations-in-part, divisions, re-examinations, reissues and other derivative applications and patents therefor, (h) licenses, contacts and agreements otherwise relating to the Intellectual Property Rights, and (i) the goodwill symbolized or represented by the foregoing;

(gg) “**Laws**” means all laws, statutes, bylaws, rules, regulations, orders, decrees, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements of any Governmental Authority applicable to the Company or BC Co;

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

(ii) “**Listing Date**” means the date on which the Common Shares become listed on the CSE;

(jj) “**Materially Adverse**” when used in respect of a fact, circumstance, change, effect, occurrence, event or term means a fact, circumstance, change, effect, occurrence, event or term that (a) materially and adversely affects, or would reasonably be expected to materially and adversely affect, the business, assets, liabilities, condition (financial or otherwise) or capital of the Company or BC Co, as the case may be, or (b) prevents, or would reasonably be expected to prevent, the Company or BC Co, as the case may be, from performing its obligations under this Agreement or consummating the transactions contemplated herein; provided, however, that it will not include: (i) any fact, circumstance, event, change, effect, occurrence, event or term relating to the global economy or securities markets in general; or (ii) any fact, circumstance, change, effect, occurrence or event affecting the industry in which the Company or BC Co operates in general and which, in each case, does not have a materially disproportionate effect on the Company or BC Co relative to comparable entities operating in the industry in which the Company or BC Co conducts its business;

(kk) “**Material Adverse Change**” or “**Material Adverse Effect**” with respect to BC Co or the Company, as the case may be, means any change, event, violation, inaccuracy, circumstance or effect that is Materially Adverse to the business, assets (including intangible assets), liabilities, capitalization, ownership, financial condition or results of operations of BC Co or the Company, as the case may be, on a consolidated basis;

(ll) “**Material Contract**” means any Contract to which a person is a party and which is material to such person, including any Contract: (i) the termination of which would have a Material Adverse Effect on such person; (ii) any contract which would result in payments to or from such person or its subsidiaries (if any) in excess of US\$25,000 in any 12 month period, whether payable in one payment or in successive payments; (iii) any agreement or commitment relating to the borrowing of money or to capital expenditures; and (iv) any agreement or commitment not entered into in the ordinary course of business;

(mm) “**Merger**” has the meaning given to the term in Recital (C);

(nn) “**Merger Co**” has the meaning given to the term in the introduction above;

(oo) “**Merger Co Shares**” means shares of common stock of Merger Co;

(pp) “**Party**” means each of BC Co, Merger Co and the Company, as the context dictates and “**Parties**” means BC Co, Merger Co and the Company;

(qq) “**Payment Shares**” has the meaning given to the term in §2.4(i);

(rr) “**Person**” includes an individual, corporation, partnership, joint venture, trust, unincorporated organization or Governmental Authority;

(ss) “**Securities Act**” means the *Securities Act* (British Columbia);

(tt) “**Share Purchase Warrant**” means the share purchase warrants issuable upon conversion of the Special Warrants, each of which whole Share Purchase Warrant will be exercisable to purchase one Common Share at a price of \$0.40 per share, subject to acceleration, for a period of one year from the listing date of BC Co on the CSE;

(uu) “**Special Warrant**” means 14,600,000 outstanding special warrants of BC Co issued for gross proceeds of \$3,750,000, each of which will be deemed to be converted into one Common Share and one-half of a Share Purchase Warrant upon the satisfaction of certain conditions,



including the issuance of a receipt for a prospectus filed by BC Co to qualify the distribution of the Common Shares and Share Purchase Warrants issuable upon conversion of the Special Warrants;

(vv) “**Surviving Co**” means the Company, which will be the surviving corporation of the Merger of Merger Co with and into the Company pursuant to the Merger;

(ww) “**Termination Date**” means February 28, 2019;

(xx) “**Transaction**” means the reverse-takeover of the Company by BC Co effected through the Merger; and

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

## 1.2 Interpretation

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

(a) the words “**herein**”, “**hereof**”, and “**hereunder**” and other words of similar import refer to this Agreement as a whole and not to any particular Part, clause, subclause or other subdivision or schedule;

(b) a reference to a Part means a Part of this Agreement and the symbol § followed by a number or some combination of numbers and letters refers to the section, paragraph or subparagraph of this Agreement so designated;

(c) the headings are for convenience only, do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any of its provisions;

(d) the word “**including**”, when following a general statement, term or matter, is not to be construed as limiting such general statement, term or matter to the specific items or matters set forth or to similar items or matters (whether or not qualified by non-limiting language such as “without limitation” or “but not limited to” or words of similar import) but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its possible scope;

(e) where the phrase “**to the knowledge of**” or phrases of similar import are used in respect of the Parties, it will be a requirement that the Party in respect of who the phrase is used will have made such due inquiries as is reasonably necessary to enable such Party to make the statement or disclosure, and in respect of the Company, will refer to the actual knowledge of Jay Hutton; and

(f) unless there is something in the subject matter or context inconsistent therewith:

(i) words in the singular number include the plural and such words will be construed as if the plural had been used;

(ii) words in the plural include the singular and such words will be construed as if the singular had been used; and

(iii) words importing the use of any gender will include all genders where the context or the Party referred to so requires, and the rest of the sentence will be construed as if the necessary grammatical and terminological changes had been made.

## **PART 2 TRANSACTION**

### **2.1 Agreement to Merge.**

Upon the terms and subject to the conditions contained in this Agreement, the Parties hereby agree that Merger Co will merge with and into the Company at Closing and the Company will survive the merger and will be Surviving Co. BC Co will, in its capacity as the sole shareholder of Merger Co, approve this Agreement and the Merger.

### **2.2 Company Warrants.**

Effective immediately prior to and subject to Closing, the Company Warrants shall, without any payment or other action required on the part of the holders of Warrants, be deemed exercised and each holder of Warrants shall receive one Company Share for each Company Warrant held upon such deemed exercise.

### **2.3 Debt Settlements.**

Subject to the agreement of the applicable debt holders of the Company, debts in the aggregate amount of USD \$656,409.77 will be settled by the Company prior to the Effective Time, on the basis that the holders of such debt will be issued such number of Company Shares that would result in them receiving pursuant to the Merger one Common Share for each USD \$0.23 of such debt (the “**Debt Conversion Shares**”).

### **2.4 Merger Events.**

Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time:

- (i) each Company Share issued and outstanding immediately prior to the Effective Time will be exchanged by each holder thereof for 7.21228396 fully paid and non-assessable Common Share at a deemed value of \$0.30 per Common Share (the “**Payment Shares**”);
- (ii) each Company Share exchanged for one (1) fully paid and non-assessable Common Share in accordance with §2.4(i) will be cancelled;
- (iii) each Merger Co Share issued and outstanding immediately prior to the Effective Time will be exchanged for one (1) share of common stock of Surviving Co;
- (iv) Surviving Co will become a wholly-owned subsidiary of BC Co; and
- (v) Notwithstanding anything to the contrary contained in this Agreement, shares of Company Common Stock held by a holder who has made a demand for appraisal of such shares of Company Common Stock in accordance with Section 262 of the Applicable Delaware State Law (“**Dissenting Shares**”) will not be converted into or represent the right to receive the applicable merger consideration in accordance with Section 2.5(i), but

will be entitled only to such rights as are granted by the Applicable Delaware State Law to a holder of Dissenting Shares. At the Effective Time, all Dissenting Shares will no longer be outstanding and will automatically be canceled and will cease to exist, and each holder of Dissenting Shares will cease to have any rights with respect thereto, except the right to receive the fair value of such Dissenting Shares in accordance with Section 262 of the Applicable Delaware State Law. Notwithstanding the foregoing, if any Dissenting Shares will lose their status as such (through failure to perfect or otherwise), then, as of the later of the Effective Time or the date of loss of such status, such shares will automatically be converted into and will represent only the right to receive the applicable merger consideration, without interest thereon, promptly following the surrender of the certificate or certificates representing such shares of Company Common Stock. The Company will give BC Co prompt notice of any written demand received by the Company prior to the Effective Time to require the Company to purchase shares of Company Common Stock pursuant to the Applicable Delaware State Law. The Company will not make any payment or settlement offer prior to the Effective Time with respect to any such demand without prior written consent of BC Co.

## 2.5 **Share Certificates.**

At the Effective Time:

- (i) the original stock certificate of Merger Co registered in the name of BC Co will be cancelled and BC Co will be issued a stock certificate for the same number of shares of Surviving Co common stock as provided in §2.4(iii);
- (ii) certificates or other evidence representing the Company Shares will cease to represent any claim upon or interest in the Company other than the right of the holder to receive, pursuant to the terms hereof, Common Shares in accordance with §2.2; and
- (iii) upon the delivery and surrender by the holder thereof to BC Co of certificates representing Company Shares, which have been exchanged for Common Shares in accordance with the provisions of §2.2, BC Co will at the Effective Time, or as soon as practicable thereafter, following the date of receipt by BC Co of the certificates referred to above, deliver to each such holder a certificate or DRS (direct registration system) advice representing the number of Common Shares to which such holder is entitled or other evidence of ownership.

## 2.6 **Merged Corporation.**

Unless otherwise determined in accordance with Applicable Delaware State Law by Surviving Co or its shareholders, the following provisions will apply:

- (i) **Number of Directors.** The board of directors of Surviving Co will consist of a minimum of one (1) director and a maximum of five (5) directors and Jay Hutton will be the sole director of the Surviving Co.
- (ii) **Officers.** From and after the Effective Time, the initial officers of Surviving Co will consist of a President and a Secretary, which offices will in each case initially be held by Jay Hutton, and such other officers as the board of directors of Surviving Co may in its discretion designate and appoint in accordance with the Bylaws of Surviving Co.

(iii) **Fiscal Year.** The fiscal year end of Surviving Co will be December 31 in each year, unless and until changed by resolution of the board of directors of Surviving Co.

(iv) **Name.** The name of Surviving Co will be “VSBLTY, Inc.”

(v) **Registered Office.** The registered office of Surviving Co will be The Corporation Service Company, 251 Little Falls Drive, City of Wilmington, New Castle County, DE 19808.

(vi) **Business and Powers.** Except as otherwise prohibited by applicable Laws, there will be no restriction on the business that Surviving Co may carry on or on the powers that Surviving Co may exercise.

## 2.7 **Fractional Shares.**

No fractional Common Shares will be issued or delivered pursuant to the Merger. Any fractional share will be rounded down to the next lowest number and no consideration will be paid in lieu thereof. In calculating such fractional interests, all securities of BC Co registered in the name of, or beneficially held, by a securityholder or their nominee will be aggregated.

## 2.8 **Restrictions on Resale.**

The Parties acknowledge and agree as follows:

(i) the issuance of the Payment Shares will be made pursuant to appropriate exemptions from the formal takeover bid, registration and prospectus (or equivalent) requirements of the Applicable Securities Laws and, if applicable, the certificates representing the Payment Shares will bear such legends as required by Applicable Securities Laws and the policies of the CSE;

(ii) in addition to any resale restrictions under Applicable Securities Laws, the Payment Shares, other than Payment Shares issued in exchange for Company Shares issued in connection with the conversion of the Debentures, will be subject to a one year voluntary hold period commencing on the Listing Date, and the certificates representing the Payment Shares will bear the following legends:

“THE SECURITIES REPRESENTED HEREBY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED BEFORE THE DATE THAT IS ONE YEAR FROM THE DATE OF LISTING OF THE COMPANY’S COMMON SHARES ON THE CANADIAN SECURITIES EXCHANGE UNLESS CONSENTED TO BY THE COMPANY”;

provided that, in the event that the Common Shares are not listed on the CSE within four months of the Closing Date, the foregoing resale restriction will cease to apply and BC Co will instruct its transfer agent to remove the foregoing legend upon request of any shareholder; and

(iii) all of the Payment Shares to be held by directors, officers and 10% shareholders of BC Co upon Closing will also be subject to escrow requirements under the policies of the CSE.

## 2.9 **Effect of Merger.**

At the Effective Time:

- (i) Merger Co will merge with and into the Company in accordance with the Delaware General Corporation Law with the Company continuing as the surviving company subsequent to the Merger in accordance with the terms and conditions prescribed in this Agreement;
- (ii) all of the property, assets, rights and privileges of Merger Co will become the property, assets, rights and privileges of the Company, and all of the liabilities and obligations of Merger Co will become the liabilities and obligations of the Company, which will thereafter be referred to as Surviving Co;
- (iii) the Certificate of Incorporation and the Bylaws of the Merger Co, in each case as in effect immediately prior to the Effective Time, will become the Certificate of Incorporation and Bylaws, respectively, of Surviving Co, in each case until amended in accordance with their respective terms and Applicable Delaware State Law; and
- (iv) the officers and directors of Surviving Co will be those individuals described in §2.6(ii).

## 2.10 **Filing of Certificate of Merger.**

Following the approval of the shareholders of Merger Co and the Company, as applicable, and subject to the satisfaction or waiver of all of the conditions precedent set forth herein, as soon as practicable on the Closing Date, the Company and Merger Co will file the Certificate of Merger with the Secretary of State of the State of Delaware, together with such other documents as may be required under the Applicable Delaware State Law to effect the Merger.

### **PART 3 REPRESENTATIONS AND WARRANTIES OF BC CO**

## 3.1 **Representations and Warranties of BC Co.**

BC Co represents and warrants to and in favour of each of the as follows and acknowledges that the Company is relying upon such representations and warranties in connection with the transactions contemplated herein:

- (a) BC Co is a corporation validly existing and in good standing under the laws of its jurisdiction of incorporation and is duly registered, licensed or qualified to carry on business under the laws of the jurisdictions in which the nature of its business makes such registration, licensing or qualification necessary;
- (b) BC Co has the corporate power and capacity to enter into this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, to perform its obligations hereunder and thereunder, to own and lease its property, and to carry on its business as now being conducted;
- (c) BC Co has no material assets other than cash and no material debts or obligations other than those incurred in the ordinary course of business;

(d) BC Co holds all material licenses and permits required for BC Co to own or lease its property and assets and to carry on its business as conducted as of the date hereof, except where failure to hold such licenses or permits individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect on BC Co;

(e) the execution and delivery of this Agreement has been authorized by all necessary corporate actions of BC Co and this Agreement constitutes a valid and binding obligation of BC Co, and is enforceable against it in accordance with its terms subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought;

(f) the execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the constating documents of BC Co or of any resolutions of the directors or shareholders of BC Co, (ii) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an encumbrance upon any material agreement (including any Material Contract of BC Co), licence or permit to which BC Co is a party or by which BC Co is bound or to which any material assets or property of BC Co is subject, or (iii) violate any provision of any applicable law or regulation or any judicial or administrative order, award, judgment or decree applicable to BC Co;

(g) the authorized capital of BC Co consists of an unlimited number of Common Shares, of which, as of the date hereof, one Common Share is issued and outstanding as fully paid and non-assessable;

(h) when issued in accordance with the terms hereof, the Payment Shares will be validly issued as fully paid and non-assessable Common Shares;

(i) other than the Special Warrants and Finders Warrants or as set out herein, no Common Shares or securities convertible, exercisable or exchangeable into Common Shares are issued or outstanding;

(j) except as provided herein, no person has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, options, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any unissued common shares or preferred shares or other securities of BC Co;

(k) BC Co has no actual knowledge of any reasonably likely circumstances pursuant to which the announcement or pendency of this Agreement or the Transaction or any change, effect, event or occurrence contemplated by the terms of this Agreement would have a Material Adverse Effect on BC Co;

(l) BC Co does not own, and has not at any time owned, and does not have any agreements of any nature to acquire, directly or indirectly, any shares in the capital of or other equity or proprietary interests in any person, and BC Co does not have any agreements to acquire or lease any material assets or properties or any other business operations;

(m) BC Co has no active business and no material assets or liabilities, and BC Co is not a party to, or bound by, any agreement of guarantee, indemnification, assumption or endorsement

or any like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;

(n) there are no waivers, consents, notices or approvals required to be given or obtained by BC Co in connection with Transaction and the other transactions contemplated by this Agreement under any Contract to which BC Co is a party;

(o) no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over BC Co is required to be obtained by BC Co in connection with the execution and delivery of this Agreement or the consummation of the Transaction, including, without limitation, the issuance of the Payment Shares, 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, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay BC Co from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on BC Co;

(p) there is no suit, action or proceeding or, to the knowledge of BC Co, pending or threatened against BC Co that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on BC Co, and there is no judgment, decree, injunction, rule or order of any Governmental Authority outstanding against BC Co causing, or which could reasonably be expected to cause, a Material Adverse Effect on BC Co;

(q) there is no bankruptcy, liquidation, winding-up or other similar proceedings pending or in progress or, to the knowledge of BC Co, threatened against BC Co before any court, regulatory or administrative agency or tribunal;

(r) other than with respect to periods for which BC Co has no taxes owing, BC Co has duly filed on a timely basis all tax returns required to be filed by it and BC Co has paid all taxes which are due and payable and has paid all assessments and reassessments, and all other taxes, governmental charges, penalties, interest and fines due and payable on or before the date hereof, and adequate provision has been made for taxes payable for the current period for which tax returns are not yet required to be filed. There are no actions, suits or claims asserted or assessed against BC Co in respect of taxes, governmental charges or assessments, nor are any matters under discussion with any Governmental Authority relating to taxes, governmental charges or assessments asserted by such Governmental Authority. BC Co has withheld from each payment made by it to any person and remitted to the proper tax and other receiving offices within the time required all income tax and other deductions required to be withheld from such payments;

(s) BC Co has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified BC Co of such Governmental Authority's intention to commence or to conduct any investigation, that could be reasonably likely to have a Material Adverse Effect on BC Co;

(t) other than any deficiencies which would not reasonably be likely to have a Material Adverse Effect on BC Co, the corporate records of BC Co are complete and accurate in all material respects;

(u) all Books and Records of BC Co have been fully, properly and accurately kept and, where required, completed in accordance with generally accepted accounting principles, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein;

(v) no director, officer, employee or consultant of BC Co is party to a change of control, severance, termination, golden parachute or similar agreement or provision or would or may receive payments under such an agreement or provision as a result of the Transaction;

(w) other than finders' fees or commissions that may be or become payable in connection with the issuance of the Special Warrants, BC Co has not authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement; and

(x) to the knowledge of BC Co, no representation or warranty of BC Co contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

## **PART 4 REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

### **4.1 Representations and Warranties of the Company.**

Company represents and warrants to BC Co as follows and acknowledges that BC Co is relying on such representations and warranties in connection with the transactions contemplated herein:

(a) Company is a corporation validly existing and in good standing under the laws of its jurisdiction of organization and is duly registered, licensed or qualified to carry on business under the laws of the jurisdictions in which the nature of its business makes such registration, except where failure to be so registered, licensed or qualified would not reasonably be expected to have a Material Adverse Effect on Company;

(b) Company has the corporate power and capacity to enter into this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, to perform its obligations hereunder and thereunder, to own and lease its property, and to carry on its business as now being conducted;

(c) Company has, to the knowledge of Company, all material licenses and permits required to own or lease its property and assets and to carry on its business as conducted as of the date hereof, except where failure to hold such licenses or permits individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect on Company;

(d) the execution and delivery of this Agreement has been authorized by all necessary corporate actions of Company and this Agreement constitutes a valid and binding obligation of Company, and is enforceable against it in accordance with its terms subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought;

(e) the execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the constating documents of Company or of any resolutions of Company, (ii) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an encumbrance upon any material agreement (including any Company Material Contract), license or permit to which Company is a party or by which



Company is bound or to which any material assets or property of Company is subject, or (iii) violate any provision of any applicable law or regulation or any judicial or administrative order, award, judgment or decree applicable to Company;

(f) the Company's authorized capital consists of 25,407,441 shares of common stock with par value of \$0.0001 per share, of which, as of the Agreement Date, 5,120,972 Company Shares are issued and outstanding;

(g) other than 289,829 Company Warrants, the Debentures and obligations to issue the Debt Conversion Shares, and as otherwise set out herein, there are no other securities convertible, exercisable or exchangeable into Company Shares issued or outstanding and no person (other than BC Co pursuant to this Agreement) has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, options, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any Company Shares or other securities of Company;

(h) Company has no actual knowledge of any reasonably likely circumstances pursuant to which the announcement or pendency of this Agreement or the Transaction or any change, effect, event or occurrence contemplated by the terms of this Agreement would have a Material Adverse Effect on Company;

(i) the audited consolidated financial statements of Company as at and for the years ended December 31, 2017 and 2016 and unaudited interim financial statements of Company as at and for the period ended September 30, 2018 (the "**Company Financial Statements**") have been prepared in accordance with International Financial Reporting Standards. The Company Financial Statements are true, correct and complete and present fairly the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of Company on a consolidated basis as at the respective dates thereof and results of operations of Company for the respective periods then ended. Since September 30, 2018, there has been no material alteration in the manner of keeping the books, accounts or records of Company or in its accounting policies or practices;

(j) Company is not a party to, or bound by, any agreement of guarantee, indemnification, assumption or endorsement or any like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;

(k) since September 30, 2018, there has been no material adverse change in the condition (financial or otherwise), assets, liabilities, operations, earnings or business of Company;

(l) Company has, to the knowledge of Company, conducted and is conducting its business in compliance in all material respects with all applicable laws, regulations, by-laws, ordinances, regulations, rules, judgments, decrees and orders of each jurisdiction in which its business is carried on, other than any non-compliance that individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect on Company;

(m) each of Company's Material Contracts is, to the knowledge of Company, in full force and effect, unamended, and, except for the default by the Company on repayment of certain outstanding promissory notes as disclosed by the Company to BC Co, there exists no default, warranty claim or other obligation or liability or event, occurrence, condition or act (including the purchase and sale of the Company Shares and the issuance of the Payment Shares and the other transactions contemplated hereunder) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default, or give rise to a warranty

claim or other obligation or liability thereunder. Company has, except for the default by the Company on repayment of certain outstanding promissory notes as disclosed by the Company to BC Co, to the knowledge of Company, not violated or breached, in any material respect, any of the terms or conditions of any material contract and all the covenants to be performed by any other party thereto have been fully and properly performed;

(n) other than in connection with the issuance of the Debt Conversion Shares, there are, to the knowledge of Company, no waivers, consents, notices or approvals required to be given or obtained by Company in connection with the Transaction and the other transactions contemplated by this Agreement under any Contract to which Company is a party;

(o) to the knowledge of Company, no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over Company is required to be obtained by Company in connection with the execution and delivery of this Agreement or the consummation of the Transaction, including, without limitation, the issuance of the Payment Shares, 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, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay Company from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on Company;

(p) except as disclosed by the Company to BC Co, there is no suit, action or proceeding or, to the knowledge of Company, pending or threatened against Company that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on Company, and there is no judgment, decree, injunction, rule or order of any Governmental Authority outstanding against Company causing, or which could reasonably be expected to cause, a Material Adverse Effect on Company;

(q) there is no bankruptcy, liquidation, winding-up or other similar proceedings pending or in progress or, to the knowledge of Company, threatened against the Company before any court, regulatory or administrative agency or tribunal;

(r) Company has good and marketable title to its properties and assets (other than property or an asset as to which Company is a lessee, in which case it has a valid leasehold interest), except for such defects in title that individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on Company;

(s) no person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming an agreement, option, understanding or commitment for the purchase from Company of any of its assets or property;

(t) Company has duly filed on a timely basis all tax returns required to be filed by it and has paid all taxes which are due and payable and has paid all assessments and reassessments, and all other taxes, governmental charges, penalties, interest and fines due and payable on or before the date hereof, and adequate provision has been made for taxes payable for the current period for which tax returns are not yet required to be filed. There are no actions, suits or claims asserted or assessed against Company in respect of taxes, governmental charges or assessments, nor are any matters under discussion with any Governmental Authority relating to taxes, governmental charges or assessments asserted by such Governmental Authority. Company has withheld from each payment made by it to any person and remitted to the proper tax and other receiving offices

within the time required all income tax and other deductions required to be withheld from such payments;

(u) Company has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified Company of such Governmental Authority's intention to commence or to conduct any investigation that could be reasonably likely to have a Material Adverse Effect on Company;

(v) other than any deficiencies would not reasonably be likely to have a Material Adverse Effect on Company, the corporate records of Company are complete and accurate in all material respects;

(w) all Books and Records of Company have, to the knowledge of Company, been fully, properly and accurately kept and, where required, completed in accordance with generally accepted accounting principles, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein;

(x) no director, officer, employee or consultant of Company is party to a change of control, severance, termination, golden parachute or similar agreement or provision or would or may receive payments under such an agreement or provision as a result of the Transaction;

(y) except as disclosed by the Company to BC Co, the Company has not authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement;

(z) Company owns all right, title and interest to its Intellectual Property Rights;

(aa) all Customer Data has, to the knowledge of Company, been collected, used, disclosed and destroyed by Company in accordance with the privacy policy or service agreement under which the Customer Data was collected, if applicable, as well as all applicable laws relating to such collection, use, disclosure or destruction;

(bb) all technical information of a confidential or proprietary nature developed by and belonging to Company has, to the knowledge of Company, been kept confidential; and

(cc) to the knowledge of Company, no representation or warranty of Company contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

## **PART 5 SURVIVAL OF REPRESENTATIONS AND WARRANTIES**

### **5.1 Survival of Representations and Warranties.**

The representations and warranties made by the Parties and contained in this Agreement will survive the Closing until the date that is 12 months from the date of Closing. No claim for breach of any representation, warranty or covenant will be valid unless that party against whom such claim is made has been given notice thereof before the expiry of such 12 month period.

## **PART 6 COVENANTS OF THE COMPANY**

The Company hereby covenants and agrees with BC Co as follows until the earlier of the Effective Time or the termination of this Agreement in accordance with its terms:

### **6.1 Necessary Consents.**

The Company will use its commercially reasonable efforts to obtain from the Company's directors, shareholders and all federal, state or other governmental or administrative bodies such approvals or consents as are required to complete the transactions contemplated herein.

### **6.2 Ordinary Course.**

The Company will operate its business in a prudent and business-like manner in the ordinary course and in a manner consistent with past practice.

### **6.3 Non-Solicitation.**

The Company hereby covenants and agrees from the date hereof until the Effective Time not to, directly or indirectly, solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Transaction. In the event the Company or any of its Affiliates, including any of their officers or directors, receives any form of offer or inquiry in respect of the foregoing, the Company will forthwith (in any event within one Business Day following receipt) notify BC Co of such offer or inquiry and provide BC Co with the material terms of the same.

### **6.4 Restrictive Covenants.**

The Company hereby covenants and agrees until the Effective Time, that it will not, without BC Co's prior written consent, which will not be unreasonably withheld:

- (i) other than pursuant to the Company Warrants, Debentures and the Debt Settlements, issue any debt, equity or other securities;
- (ii) increase or decrease its paid-up capital or purchase or redeem any shares;
- (iii) borrow money or incur any indebtedness for money borrowed, except in the ordinary course of business;
- (iv) make loans, advances or other payments to directors, officers, employees or consultants of the Company, other than: (i) payments made in the ordinary course of business (including payment of salaries or consultant fees at current rates); or (ii) routine advances or payments to directors, officers, employees or consultants of the Company for expenses incurred on behalf of the Company in the ordinary course of business;
- (v) declare or pay any dividends or distribute any of the Company's properties or assets to shareholders, except in the ordinary course of business;

(vi) alter or amend the Company's Certificate of Incorporation or Bylaws, except as required to give effect to the matters contemplated herein; or

(vii) except as otherwise permitted or contemplated herein, enter into any transaction or material contract that is not in the ordinary course of business or engage in any business enterprise or activity materially different from that carried on or contemplated by the Company and/or its Affiliates as of the date hereof.

## 6.5 **Disclosure Document**

(a) The Company will in a timely and expeditious manner, assist BC Co in the preparation of the Disclosure Document, including providing certain financial statements and such information in relation to the business, affairs, assets and properties of the Company as may be necessary to comply with applicable laws and the policies of the CSE.

(b) The Company will ensure that the Disclosure Document contains full, true and plain disclosure relating to the Company and does not contain a misrepresentation as it relates to the Company, including in respect of its assets, liabilities, operations, business and properties.

(c) The Company will deliver to BC Co (for further delivery by BC Co to the CSE) a CSE Form 2A - *Personal Information/Consent Form* duly completed by each of the proposed directors and officers to be appointed by BC Co at Closing.

## 6.6 **All Other Action.**

The Company will cooperate fully with BC Co and will use all reasonable commercial efforts to assist BC Co in its efforts to complete the Transaction, unless such cooperation and efforts would subject the Company to material cost or liability.

## **PART 7 COVENANTS OF BC CO**

BC Co hereby covenants and agrees with the Company as follows until the earlier of the Effective Time or the Termination Date:

### 7.1 **Necessary Consents.**

BC Co will use its reasonable efforts to obtain from BC Co's directors, shareholders, and all Government Agencies such approvals or consents as are required to complete the transactions contemplated herein (including the approval of the CSE of the listing of Common Shares to be issued pursuant to the Transaction).

### 7.2 **Ordinary Course.**

BC Co will operate its business in a prudent and business-like manner in the ordinary course and in a manner consistent with past practice.

### 7.3 **Non-Solicitation.**

BC Co hereby covenants and agrees until the Effective Time that it will not, directly or indirectly, solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or

understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Transaction. In the event BC Co or any of its Affiliates, including any of their officers or directors, receives any form of offer or inquiry in respect of any of the foregoing, BC Co will forthwith (in any event within one Business Day following receipt) notify the Company of such offer or inquiry and provide the Company with the material terms of the same.

#### **7.4 Restrictive Covenants.**

BC Co hereby covenants and agrees until the Termination Date that it will not, without the Company's prior written consent:

- (i) other than in connection with the Special Warrants and the Finders Warrants, issue any debt, equity or other securities;
- (ii) borrow money or incur any indebtedness for money borrowed, except as agreed to by the Company in writing;
- (iii) make loans, advances or other payments to directors, officers, employees or consultants of BC Co, other than (i) payments made in the ordinary course of business (including payment of consultant fees at current rates) or (ii) routine advances or payments to directors, officers, employees or consultants of BC Co for expenses incurred on behalf of BC Co in the ordinary course of business;
- (iv) make any capital expenditures;
- (v) declare or pay any dividends or distribute any BC Co assets to shareholders;
- (vi) alter or amend BC Co's charter documents in any manner, except as required to give effect to the matters contemplated herein; or
- (vii) except as otherwise permitted or contemplated herein, enter into any transaction or material contract or engage in any business enterprise or activity different from that carried on by BC Co as of the date hereof.

#### **7.5 Merger Co.**

Merger Co will be validly incorporated and in good standing under Applicable Delaware State Law immediately prior to the Merger. BC Co covenants and agrees that Merger Co will not carry on any business and will not enter into any contracts, agreements, commitments, indentures or other instruments prior to the Closing Date other than this Agreement and as required to effect the Merger.

#### **7.6 Disclosure Document.**

- (a) BC Co will prepare, in consultation with the Company, the Disclosure Document in prescribed form and in form and content acceptable to the Company, acting reasonably, and file a prospectus with the British Columbia Securities Commission and a listing statement with the CSE in accordance with all applicable laws and the policies;
- (b) ensure that the Disclosure Document contains full, true and plain disclosure and does not contain a misrepresentation as it relates to BC Co, including in respect of its assets, liabilities, operations, business and properties; and

- (c) make application to the CSE and diligently pursue the approval of the listing of the Common Shares.

#### 7.7 **Board of Directors.**

At Closing, provided such persons meet all necessary legal and regulatory requirements and are willing and able to act, BC Co will cause the board of directors of BC Co to be reconstituted to consist of such persons as designated by the Company prior to Closing, and BC Co will take all necessary steps in order for the appointments to be effective on Closing.

#### 7.8 **All Other Action.**

BC Co will cooperate fully with the Company and will use all reasonable commercial efforts to assist the Company in its efforts to complete the Transaction unless such cooperation and efforts would subject BC Co to material cost or liability.

## **PART 8 CONDITIONS PRECEDENT**

#### 8.1 **Conditions for the Benefit of BC Co.**

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

- (i) **Truth of Representations and Warranties.** The representations and warranties of the Company contained in this Agreement will have been true and correct as of the Agreement Date and will be true and correct as of the Closing Date in all material respects with the same force and effect as if such representations and warranties had been made on and as of such Closing Date except as affected by transactions contemplated or permitted by this Agreement and an officer or director of the Company will provide a certificate addressed to BC Co at Closing confirming the foregoing.
- (ii) **Performance of Obligations.** The Company will have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by them at or prior to the Closing Date and an officer or director of the Company will provide a certificate addressed to BC Co at Closing confirming the foregoing.
- (iii) **Approvals and Consents.** All required approvals, consents and authorizations of third parties in respect of the transactions contemplated herein, including without limitation all necessary shareholder and regulatory approvals, will have been obtained on terms acceptable to BC Co acting reasonably, including the conditional approval of the CSE for the listing of the Common Shares and the approval of the shareholders of the Company.
- (iv) **U.S. Registration Exemption.** The issuance of the Common Shares issuable pursuant to the Merger will be exempt or excluded from registration requirements under the U.S. Securities Act, and the registration and qualification requirements of all Applicable Securities Law.

(v) **Exemption from Prospectus Requirements.** The distribution of the Common Shares in Canada pursuant to the Merger will be exempt from, or otherwise not subject to, prospectus requirements of Applicable Securities Law.

(vi) **No Material Adverse Change.** There will have been no Material Adverse Change affecting the Company since the Agreement Date, other than a reduction of its cash position and/or accrual of expenses, in each case in order to pay or accrue for professional fees or other expenses in connection with the Transaction.

(vii) **Deliveries.** The Company will deliver or cause to be delivered to BC Co the closing documents as set forth in §9.2 in a form satisfactory to BC Co acting reasonably.

(viii) **No Legal Action or Prohibition of Law.** There will be no action or proceeding pending or threatened by any Person in any jurisdiction, or any applicable Laws proposed, enacted, promulgated or applied, to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement or which could reasonably be expected to result in a Material Adverse Effect on the Company.

## 8.2 **Conditions for the Benefit of the Company.**

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

(i) **Truth of Representations and Warranties.** The representations and warranties of BC Co contained in this Agreement will have been true and correct as of the Agreement Date and will be true and correct as of the Closing Date in all material respects with the same force and effect as if such representations and warranties had been made on and as of such Closing Date except as affected by transactions contemplated or permitted by this Agreement and an officer or director of BC Co will provide a certificate to the Company at Closing confirming the foregoing.

(ii) **Performance of Obligations.** BC Co will have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by BC Co at or prior to the Closing Date and an officer or director of BC Co will provide a certificate to the Company at Closing confirming the foregoing.

(iii) **No Material Adverse Change.** There will have been no material adverse change in the business, results of operations, assets, liabilities, financial condition or affairs of BC Co since the date of this agreement, other than a reduction of its cash position in order to pay professional fees or other expenses in connection with the Transaction.

(iv) **Approvals and Consents.** All required approvals, consents and authorizations of third parties in respect of the transactions contemplated herein, including without limitation all necessary shareholder and regulatory approvals, will have been obtained on terms acceptable to the Company acting reasonably, including the conditional approval of the CSE for the listing of the Common Shares and the approval of the shareholders of the Company.

(v) **U.S. Registration Exemption.** The issuance of the Common Shares issuable pursuant to the Merger will be exempt or excluded from registration requirements under



the U.S. Securities Act, and the registration and qualification requirements of all Applicable Securities Law.

(vi) **Exemption from Prospectus Requirements.** The distribution of the Common Shares in Canada pursuant to the Merger will be exempt from, or otherwise not subject to, prospectus requirements of Applicable Securities Law.

(vii) **Issuance of Shares.** The Payment Shares will be free and clear of any and all Liens and restrictions on transfer whatsoever except as provided in this Agreement.

(viii) **Deliveries.** BC Co will deliver or cause to be delivered to the Company the closing documents as set forth in §9.3 in a form satisfactory to the Company, acting reasonably.

(ix) **No Legal Action or Prohibition of Law.** There will be no action or proceeding pending or threatened by any Person (other than BC Co) in any jurisdiction, or any applicable Laws proposed, enacted, promulgated or applied, to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement or which could reasonably be expected to result in a Material Adverse Effect on BC Co.

## **PART 9 CLOSING**

### **9.1 Time of Closing.**

The Closing will be completed at the offices of McMillan LLP, Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia at 10:00 a.m. (Vancouver time) on the Closing Date, or such other time as agreed by the Parties. Closing can be facilitated through electronic communication and document transmission and the physical presence of the Parties' representatives is not required for the Closing unless necessary.

### **9.2 Company Closing Documents.**

On the Closing Date, the Company will deliver to BC Co the following documents:

- (i) a certificate of good standing for the Company in the State of Delaware, dated as of a date not more than thirty (30) days prior to the Closing Date;
- (ii) consents to act and personal information forms for proposed directors and officers of BC Co; and
- (iii) evidence that the Company has cancelled all of its issued and outstanding securities as of the Closing Date including those that have been exchanged for securities of BC Co under this Agreement as evidenced by cancelled share certificates, or if Company's securities are not certificated, by the Company's updated share register showing BC Co as the sole shareholder of the Company.

### **9.3 BC Co's Closing Documents.**

On the Closing Date, BC Co will deliver to the Company the following documents:

- (i) certificates or confirmation of electronic registration (such as Direct Registration Statement (DRS)) representing the Payment Shares issuable to and in the respective names

of the holders of Company Shares pursuant to the Merger (such certificates or electronic registration to be registered and prepared in accordance with a written direction to be provided by the Company prior to Closing);

(ii) a certificate of good standing of BC Co in Province of British Columbia and for Merger Co in the State of Delaware, dated as of a date not more than thirty (30) days prior to the Closing Date; and

(iii) written resignations and releases of the current officers and directors of BC Co, as applicable.

## **PART 10 TERMINATION**

### **10.1 Termination.**

This Agreement will terminate with the Parties having no obligations to each other, other than in respect of the expense provisions contained in §11.6 and the confidentiality provisions contained in §11.1, if applicable, on the day (the “**Termination Date**”) on which the earliest of the following events occurs:

(i) written agreement of the parties to terminate this Agreement;

(ii) either Party terminates the Agreement if any applicable Governmental Authority having notified in writing either BC Co or the Company of its determination to not permit the Merger to proceed, in whole or in part, and the parties have used commercially reasonable efforts to appeal or reverse such determination, or modify the Merger on a basis that is not prejudicial to either party hereto in order to address such determination;

(iii) either Party terminates the Agreement if the Closing of the Merger has not occurred on or before 5:00 p.m. (Vancouver time) on the Termination Date;

(iv) BC Co terminates if there has been a material breach by Company of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions of closing, and the Company fails to cure within ten (10) Business Days after written notice thereof is given by BC Co; or

(v) Company terminates if there has been a material breach by BC Co of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions of closing, and BC Co fails to cure within ten (10) Business Days after written notice thereof is given by BC Co.

### **10.2 Effect of Termination.**

Each Party’s right of termination under this Part 10 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. Nothing in Part 10 will limit or affect any other rights or causes of action any Party may have with respect to the representations, warranties, covenants and indemnities in its favour contained in this Agreement.

## **PART 11 GENERAL**

### **11.1 Confidential Information.**

No disclosure or announcement, public or otherwise, in respect of this Agreement or the transactions contemplated herein will be made by BC Co or the Company or its representatives without the prior agreement of the other Party as to timing, content and method, hereto, except for disclosure by a Party made to its own representatives, and its legal, financial and accounting consultants. The obligations herein will not prevent any party from making, after consultation with the other Party, such disclosure as its counsel advises is required by applicable Law or the rules and policies of the CSE.

Except as and only to the extent required by applicable Laws, a Receiving Party will not disclose or use, and it will cause its representatives not to disclose or use, any Confidential Information furnished, or to be furnished, by a Disclosing Party or its representatives to the Receiving Party or its representatives at any time or in any manner other than for purposes of evaluating and completing the transactions proposed in this Agreement.

If this Agreement is terminated, each Receiving Party will promptly return to the Disclosing Party or destroy any Confidential Information and any work product produced from such Confidential Information in its possession or in the possession of any of its representatives.

### **11.2 Counterparts.**

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

### **11.3 Severability.**

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

### **11.4 Applicable Law.**

This Agreement will be governed by and construed in accordance with the laws of Delaware without giving effect to the conflict of law principles therein.

### **11.5 Successors and Assigns.**

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

### **11.6 Expenses.**

The Company will be responsible for all reasonable costs and expenses incurred by BC Co and the Company with respect to the transactions contemplated herein, including legal and accounting fees and disbursements relating to preparing this Agreement and related documents specifically relating to the transactions contemplated herein (including the Disclosure Document),

prospectus filing fees and the CSE filing fees required in connection with the initial submission, it being acknowledged, that documentation in respect of the Transaction will, to as great an extent as reasonably possible, be prepared by the Company's counsel with the assistance of BC Co and its contractors as needed.

**11.7 Further Assurances.**

Each of the Parties hereto will, without further consideration, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such other documents, instruments of transfer, conveyance, assignment and assurances and secure all necessary consents and authorizations as may be reasonably requested by another Party and take such further action as the other may reasonably require to give effect to any matter provided for herein.

**11.8 Entire Agreement.**

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

**11.9 Notices.**

Any notice or communication required or permitted to be given hereunder will be in writing and will be effectively given if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent by facsimile, e-mail or other similar means of electronic communication addressed as follows:

in the case of notice to BC Co or Merger Co:

VSBLTY Groupe Technologies Corp.  
Suite 1240, 1140 West Pender Street  
Vancouver, BC V6E 4G1  
Attention: Alnesh Mohan  
E-mail: alnesh.mohan@quantumllp.com

with a courtesy copy (which copy will not constitute notice to BC Co or Merger Co) to:

Richard Buell Sutton  
700 – 401 West Georgia Street  
Vancouver, BC V6B 5A1

Attention: Joe Chan

E-mail: jchan@rbs.ca

in the case of notice to the Company:

VSBLTY, Inc.  
417 N 8th Street  
Suite 300  
Philadelphia, PA  
19123

Attention: Jay Hutton  
E-mail: jhutton@vsblty.net

with a courtesy copy (which copy will not constitute notice to the Company) to:

McMillan LLP  
1500 Royal Centre  
1055 West Georgia Street  
Vancouver, British Columbia V6E 4N7  
Attention: Mark Neighbor  
E-mail: [mark.neighbor@mcmillan.ca](mailto:mark.neighbor@mcmillan.ca)

and

LaulettaBirnbaum, LLC  
591 Mantua Blvd., Suite 200  
Sewell, NJ 08080  
Attention: Bill Eisenstadt and Randy Ford  
Email: [weisenstadt@lauletta.com](mailto:weisenstadt@lauletta.com) and [rford@lauletta.com](mailto:rford@lauletta.com)

Any notice, communication, request, demand or other document given or sent or delivered as aforesaid will:

- (i) if delivered personally or by courier as aforesaid, be deemed to have been given, sent, delivered and received on the date of delivery;
- (ii) if sent by mail as aforesaid, be deemed to have been given, sent, delivered and received on the fourth Business Day following the date of mailing, unless at any time between the date of mailing and the fourth Business Day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike or lockout or work slowdown, affecting postal service at the point of dispatch or delivery or any intermediate point, in which case the same will be deemed to have been given, sent, delivered and received in the ordinary course of the mail, allowing for such discontinuance or interruption of regular postal service; and
- (iii) if sent by facsimile or other means of electronic communication, be deemed to have been given, sent, delivered and received on the Business Day of the sending if sent during normal business hours on a Business Day (otherwise on the following Business Day).

11.10           **Waiver.**

Any Party hereto which is entitled to the benefits of this Agreement may, and has the right to, waive any term or condition hereof at any time on or prior to the Closing Date, provided however that such waiver will be evidenced by written instrument duly executed on behalf of such Party; however, any e-mail containing such waiver sent from the respective e-mail address of BC Co, Merger Co or the Company (as applicable and as noted under §11.9) is deemed to be a written instrument duly executed on behalf of such Party for the purposes of this §11.10.

11.11           **Amendments.**

No modification or amendment to this Agreement may be made unless agreed to by the Parties hereto in writing.

11.12           **Remedies Cumulative.**

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

11.13           **Currency.**

Unless otherwise indicated, all dollar amounts referred to in this Agreement are in the lawful money of Canada.

[Signature Page Follows]

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

**VSBLTY GROUPE TECHNOLOGIES CORP.**

By: “Alnesh Mohan”  
Alnesh Mohan  
Title: President and Director

**VSBLTY, INC.**

By: “Jay Hutton”  
Name: Jay Hutton  
Title: Chief Executive Officer

**VSBLTY MERGER CO.**

By: “Alnesh Mohan”  
Name: Alnesh Mohan  
Title: Director