

This is the 1st Affidavit of
Xia Zhang in this case and
was made on December 11, 2017

NO. S-179749
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE RECEIVERSHIP OF NETWORK INTELLIGENCE INC.

BETWEEN:

1130489 B.C. LTD.

PETITIONER

AND:

NETWORK INTELLIGENCE INC.

RESPONDENT

A F F I D A V I T

I, **XIA ZHANG**, of 6608 Beechwood Street, Vancouver, British Columbia SWEAR THAT:

1. My husband, Shengli Mu, is a limited partner of Istuary Platinum Fund III Limited Partnership ("**Platinum Fund III**") and, as he lives in Zhengzhou, China, I assist my husband in managing the day to day tasks in respect of Platinum Fund III. As such, I have personal knowledge of the facts hereinafter deposed to except where stated to be based on information and belief, in which case I verily believe them to be true.

2. I am a representative of a group of approximately 30 individuals, family trusts and corporations (the "**Limited Partners**") who are limited partners in Istuary Innovation Fund I Limited Partnership ("**Innovation Fund I**"), Istuary Innovation Fund II Limited Partnership ("**Innovation Fund II**"), Istuary Innovation Fund III Limited Partnership ("**Innovation Fund III**") and/or Istuary Platinum Fund III Limited Partnership ("**Platinum Fund III**"). Innovation Fund I, Innovation Fund II, Innovation Fund III, Platinum Fund III (referred to collectively as the "**Vancouver Funds**"), Istuary Innovation Fund II, L.P. ("**LA Fund**") and Istuary Toronto Innovation Fund I Limited Partnership ("**Toronto Fund**") are referred to collectively as the "**Istuary Partnerships**", which advanced monies to different companies affiliated with Istuary Group Holdings Ltd. ("**Istuary Holdings**"), including Network Intelligence Inc. ("**Network Intelligence**" or the "**Company**").

3. The Limited Partners are a wide range of diverse individuals, generally whose first language is Mandarin Chinese, and who have invested various amounts, ranging from US\$100,000 to US\$1,400,000 to various Istuary Partnerships. I have a Bachelor of Science degree majoring in physics from China, and immigrated to Canada in 2009. The Istuary Partnerships have collectively advanced over \$17 million USD in the Company, including \$5.8 million USD in the form of preferred shares and \$11.3 million USD in the form of convertible loans.

4. Through my husband's position as a Limited Partner, I am advised that Network Intelligence is a tech start-up business, which has been working on developing intellectual property for a SSD controller which, after 2 years of development, is close to being ready for market. The current value of the assets of Network Intelligence is unknown, but I believe that if the intellectual property assets are successfully launched in the market, it will be an extremely valuable product.

5. According to the financial statements of Network Intelligence dated July 31, 2017 as prepared by the controller of Istuary Holdings, Eddie Lin, the intangible assets of the company were valued at approximately \$15 million and total assets at approximately \$18 million and convertible loans were recorded at approximately \$15 million (equivalent to \$11.3 million USD). Attached and marked as Exhibit "A" is a true copy of the financial statements of Network Intelligence dated July 31, 2017.

6. The exact ownership structure of Network Intelligence is unknown to me, but to the best of my knowledge, the shares are owned by a holding company (Istuary Holdings), three employees, and three of the Istuary Partnerships, as the owners of preferred shares. Attached and marked as Exhibit "B" to this affidavit is a true copy of a BC Company Summary for Network Intelligence.

7. Several of the Istuary Partnerships are parties to convertible loan agreements ("**CLAs**") and promissory notes with Network Intelligence. Each CLA had slightly different terms, but a representative sample of a CLA and promissory note is attached and marked as Exhibit "**C**" to this affidavit.

8. The group of companies and limited partnerships which are controlled by, or under common control with, Istuary Holdings (such group referred to in this affidavit as the "Istuary Group"), which includes Istuary Holdings, the Istuary Partnerships and Network Intelligence, were founded by Yian Sun ("**Ethan Sun**"), who actively promoted the Istuary Group and Network Intelligence to the Limited Partners.

9. As a tech start-up company, I am advised that Network Intelligence's only costs were licensing fees, overhead and staffing, and as it was not yet generating revenue, it was solely reliant on funding from the Istuary Group.

10. From October 2016 to June 2017, Lixin Wang ("**Alex Wang**") was a director of Network Intelligence. Attached and marked as Exhibit "**D**" to this affidavit is a true copy of the Notices of Change of

Directors from the BC Corporate Registry indicating the dates that Alex Wang became, and ceased to be, a director of the Company. As a director of Network Intelligence, Alex Wang had knowledge and control of the affairs of the Company.

11. Alex Wang is also one of the directors of the Petitioner, 1130489 BC Ltd. ("**113**"), which is a numbered company recently incorporated (August 16, 2017). Attached and marked as Exhibit "**E**" is a true copy of a BC Company Summary for 113.

12. Since August of 2017, Alex Wang appears to be acting both on behalf of 113 and in a management or consulting capacity for Network Intelligence. I also know that he is a director of Istuary Toronto Capital Inc., the general partner of Toronto Fund, which is a member of the Istuary Group. Attached and marked as Exhibit "**F**" to this affidavit is a true copy of a BC Company Summary for Istuary Toronto Capital Inc.

13. I am advised by Shuangjie Yang ("**Belinda Yang**") and believe that in mid-June, the Istuary Group, including Network Intelligence, began looking for alternate funding, including through a sale of the assets of Network Intelligence. In late June and early July, Alex Wang met with Haijian Liu ("**Mr. Liu**") from Jiu Fa Investments Ltd. ("**Jiu Fa**") to discuss Jiu Fa's potential acquisition of Network Intelligence as a going concern (the "**Potential Transaction**"). Jiu Fa is an investment vehicle that invests in a variety of businesses in Canada. Ethan Sun was not supportive of the sale of Network Intelligence until early August, when he, accompanied by Alex Wang, met personally with Mr. Liu from Jiu Fa, in China, to discuss the Potential Transaction.

14. On September 25, 2017, Ethan Sun authorized six of the limited partners of the Istuary Partnerships, being Harrison Han, Yongqiang Dong, Wei Wang, Minlian Chen, Nancy Wang and myself (the "**Negotiation Team**"), to negotiate with Jiu Fa on the Potential Transaction. Attached and marked as Exhibit "**G**" to this affidavit is a true copy of the the electronic authorization letter together with a certified translation thereof. Upon receipt of Ethan Sun's written authorization on September 25, 2017, the Negotiation Team engaged in frequent negotiations and dialogues with Mr. Liu and his staff.

15. On October 12, 2017, Jiu Fa issued a written proposal for the Potential Transaction (the "**Jiu Fa Offer**"). A true copy of the Jiu Fa Offer is attached and marked as Exhibit "**H**" to this Affidavit. The Jiu Fa Offer set out a proposed purchase price of between \$18.5 million USD to \$19.3 million USD for Network Intelligence's assets. This offer would have resulted in the repayment of the investments of \$17 million USD advanced by the Istuary Partnerships under the CLAs and preferred share subscriptions and loans advanced by 113, and would have kept Network Intelligence as a going concern business, including retaining its employees. I shared the Jiu Fa Offer with all investors of Istuary through WeChat on October 12, 2017 and Alex Wang and Frank Wang were aware of the Jiu Fa Offer.

16. Upon receipt of the Jiu Fa Offer, Network Intelligence engaged Timothy Murphy ("**Mr. Murphy**") of Murphy & Company, to prepare and negotiate the definitive agreement contemplated in the Jiu Fa Offer and to assist to complete the Potential Transaction. Around 50 limited partners of the Istuary Parnterships provided funds to pay Murphy & Company for their legal service, since Ethan Sun as the director of Network Intelligence could not pay for the legal fee.

17. On October 16, 2017, without any prior notice to the Negotiation Team, the Limited Partners or Jiu Fa, 113 filed a petition to the Court seeking a receivership order with respect to the assets and undertakings of Network Intelligence. At the time of the petition, the only amounts stated to be owing to 113 by Network Intelligence were \$350,000 (the "**Short Term Loan**"), which amounts were advanced for a two-week period, from September 12, 2017, repayable September 30, 2017.

18. Alex Wang, together with myself, Dan Zhang and Mao Sun met with Mr. Liu of Jiu Fa on October 17, 2017 to negotiate the terms of the Jiu Fa Offer. After meeting with Mr. Liu, all four of us above went to meet with Mr. Murphy and his team to discuss the key terms of the Jiu Fa Offer. I was present at these meetings and can advise that in both meetings, Alex Wang did not reveal that 113 had filed for the petition on October 16, 2017.

19. On October 18, 2017, Alex Wang (as his capacity as the director of the General Partner of Istuary Toronto Fund) agreed to pay for part of the legal costs incurred by Murphy & Company in relation to the Potential Transaction without disclosing that 113 had filed for the petition.

20. On October 24, 2017, I and other two Limited Partners were absolutely shocked to learn through Mr. Murphy that 113 had filed for the petition in the matter of receivership of Network Intelligence on October 16, 2017.

21. 113 filed the petition on the basis that they were a secured creditor, and had loaned Network Intelligence \$350,000 on a secured basis as a Short Term Loan. Up until this time, neither I nor the other Limited Partners had any reason to believe that Alex Wang was a secured creditor or was acting other than in accordance with the interests of Network Intelligence and the Limited Partners.

22. The Short Term Loan was stated to be secured by a General Security Agreement dated August 22, 2017, which appears to have been signed in conjunction with a Loan Servicing Agreement, Guarantee and Share Pledge Agreement, whereby 7,000,000 of Network Intelligence shares were pledged by Istuary Holdings (as guarantor) as collateral for a CAN\$1.2 million loan, with a 50% per annum interest rate, repayable within 7 days, and a fee of \$46,328 USD, for a daily interest of \$1,287 USD. I am not aware if this loan was actually advanced to Network Intelligence, but its terms seem very onerous and I am concerned about the circumstances under which Network Intelligence agreed to this arrangement.

23. On an *ex parte* application by 113 on October 31, 2017, Network Intelligence was placed into receivership, and shortly thereafter, the Receiver assigned Network Intelligence into bankruptcy. An affidavit referencing the Jui Fa Offer was attached to an unfiled affidavit, which was referred to in Court, but was not posted to the Receiver's website until very recently (on or about the first week of December 2017) or made publicly available.

24. My husband and I, as well as other limited partners in the Istuary Partnerships, are very concerned that a result of the Receivership and the actions of 113, we lost an opportunity to sell the assets of Network Intelligence in the normal course of sale to recoup our investment of \$17 million USD.

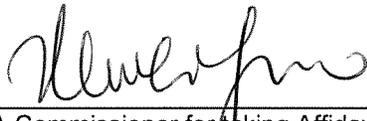
25. On November 22, 2017, on one day's notice and an unopposed basis, an Order was made approving a stalking horse sales process which included a very short marketing and bidding process. 113 might be the only bidder who has enough time to submit bid, and as a result our investment of \$17 million USD may be completely zeroed out.

26. On November 22, 2017, I, together with a number of limited partners in the Istuary Partnerships attended the first creditors' meeting hosted by the Receiver. At that meeting, we learned that the convertible loans provided by Innovation Fund II, Innovation Fund III and Platinum Fund III pursuant to the CLAs were not included in the list of creditors of Network Intelligence. We raised a question to Mr. Jeff Keeble ("Mr. Keeble") of the Receiver about why the USD\$11.3 million (equivalent to CAD\$15 million) in convertible loans were not included in the list. In later email communications from Mr. Keeble, we learned that the Receiver understood that the outstanding loans under the CLAs had been converted into equity, all without our knowledge and consent. Since the date of the Receivership, the Limited Partners have made various inquiries of Network Intelligence, 113, Ethan Sun and the Receiver and Trustee. So far, we have not been provided with any documents relating to such conversion. We have also been advised that the current version of the Corporate Minute Book for Network Intelligence cannot be located, and that the Receiver has had difficulty collecting the books and records of Network Intelligence.

27. Mr. Yongqiang Dong (a Limited Partner) and Mr. Sam Guo (an employee of a member of the Istuary Group) personally met with several of the employees of Network Intelligence, including the key technical personnel. Mr. Dong and Mr. Guo have told me with certainty that this product is the key technical personnel's "baby" and so long as they continue to be paid, they will continue to work on the product, regardless of who the eventual owner of Network Intelligence's business turns out to be.

28. I believe that the stalking horse bid from 113 drastically undervalues the property of Network Intelligence, and that a more fulsome marketing and sales process must be undertaken in order to maximize value for all stakeholders.

This is **Exhibit "A"** referred to in the Affidavit of
Xia Zhang sworn before me at Vancouver, B.C.
this 11 day of December, 2017



A Commissioner for taking Affidavits for
British Columbia

Network Intelligence Inc.
STATEMENTS OF FINANCIAL POSITION
(In Canadian dollars)

	Note	As of July 31, 2017
		\$
ASSETS		
Current assets		
Cash		440
Loan receivables from related party	1	2,148,347
GST receivables		6,336
		<u>2,155,123</u>
Long-term assets		
Equipment, net	2	895,333
Intangible assets	3	14,907,497
		<u>15,802,830</u>
TOTAL ASSETS		<u>17,957,953</u>
LIABILITIES		
Current liabilities		
Accounts payable and other payables	4	1,631,480
Due from related parties	5	152,801
Convertible loans	6	14,909,292
		<u>16,693,573</u>
TOTAL LIABILITIES		<u>16,693,573</u>
EQUITY		
Share capital		
Common Shares	7	8,021
Series A Preferred	8	7,824,010
Retained earnings		(6,567,651)
		<u>1,264,380</u>
TOTAL LIABILITIES AND EQUITY		<u>17,957,953</u>

Network Intelligence Inc.**INCOME STATEMENTS**

(In Canadian dollars)

	Note	From inception to July 31, 2017
		\$
General and administrative expenses	9	(4,664,467)
Research and development expenses	10	(2,403,408)

Network Intelligence Inc.
STATEMENT OF CASH FLOWS
 [Expressed in Canadian dollars]

	Note	From inception to July 31, 2017
Cash Flows used in Operating Activities		
Cash paid to employees		(1,814,371)
Cash paid for general administration		(4,419,109)
Cash from SR&ED refund		256,078
Increase in accounts payable		1,625,144
Net Cash used in Operating Activities		(4,352,258)
Cash Flows used in Investing Activities		
Purchase of capital assets	2	(1,485,581)
Purchase of intangible assets	3	(7,468,525)
Internal development of intangible assets	3	(7,438,971)
Net cash loaned to related parties		(1,995,546)
Net Cash provided by (used in) Investing Activities		(18,388,624)
Cash Flows from Financing Activities		
Proceeds from issuance of convertible loan facility	6	14,909,292
Proceeds from issuance of common shares	7	8,021
Proceeds from issuance of preferred shares	8	7,824,010
Net Cash provided by Financing Activities		22,741,323
Increase (Decrease) in Cash		442
Cash at Beginning of Period		-
Cash at End of Period		442

Network Intelligence Inc.
NOTES TO THE FINANCIAL STATEMENTS
(in Canadian dollars)

1. Loan receivable from related party

The balance consist of short-term loans to Istuary Innovation Labs Inc. net against the intercompany payable to Istuary Innovation Labs for operations. The loans are due on demand and bear annual interest rate 20%.

	As of July 31, 2017
Loan Receivable - Istuary Innovation Labs	\$ 2,148,347
	<u>2,148,347</u>

2. Equipment, net

	As of July 31, 2017
Computer hardware	\$ 644,530
Computer software	241,346
Lab furniture & equipment	9,457
	<u>895,333</u>

3. Intangible assets

Intangible assets consist primarily (1) purchased intellectual property from external suppliers and (2) internally developed property which accounts 90% of eligible payroll expense to R&D staff. Intangible assets have indefinite useful life and are not amortised.

	As of July 31, 2017
Controller IP	\$ 575,169
Arteris NoC design license	311,688
Renesas customized IP	1,089,193
Chips&Media IP	347,076
Barco IP	78,042
Cadence IP - NDTLA-16NTWK-01	1,894,556
Physical Design - Uniquify IP	3,172,804
	<u>7,468,525</u>
	<u>7,438,971</u>
	<u>14,907,497</u>

4. Accounts payable and other payables

	As of July 31, 2017
Accounts Payable (see below breakdown by vendors)	\$ 585,076
Payroll Payable to employees	966,642
Vacation Payable	79,762
	<u>1,631,480</u>

Vendor

As of July 31, 2017

	\$
Avnet Intl (Canada) Ltd.	(11)
Cadence Design Systems Canada Ltd	350,447
Chips&Media Inc	71,253
NVM Express, Inc	2,655
Uniquify, Inc.	160,730
Total Accounts Payable	585,076

	As of July 31, 2017	Notes
5. Due from (to) related parties	\$	
Due from Istuary Venture Capital Inc	653,670	US Fund II LP Investment 533500 Shares of \$800k USD by Istuary Venture Capital, minus a fund transfer of \$300k USD
Due from Istuary Group Holdings Ltd	82,022	Interest receivable from historical Loan Receivable from Group Holdings
Due to Istuary Group Holdings	(241,281)	Group Holding's payment to vendors on behalf of NI
Due to Istuary Innovation Toronto	(667,607)	Overhead Allocation charged by Innovation Toronto
Due to Istuary Big Computing Inc.	20,395	Payroll adjustment carried from 2016 March & April
	(152,801)	

	As of July 31, 2017	USD equivalent
6. Convertible loans	\$	
Istuary Innovation Fund II LP	9,596,386	
Istuary Innovation Fund III LP	467,250	
Istuary Platinum Fund III LP	4,845,656	
	14,909,292	

	As of July 31, 2017	\$
7. Common Shares		
Istuary Group Holdings Ltd (founding shareholder)	7	
Tao Zhong (founding shareholder)	-	
Alex Liu (founding employee)	-	
Yong Zou	8,014	
	8,021	

Founding shareholders are awarded initial common shares for nominal value.
 Formal employee Yong Zou exercised his 6000 shares of stock option at a USD \$1.00 unit price.

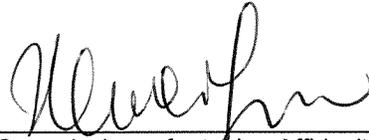
	As of July 31, 2017	USD equivalent
8. Series A Preferred Shares	\$	
Istuary Innovation Fund I LP	3,497,910	
Istuary Innovation Fund II LP (LA)	1,053,600	
Istuary Toronto Innovation Fund I LP	3,272,500	
	7,824,010	

	From inception to July 31, 2017	\$
9. General and administrative expenses		
Management fees and overhead	4,367,821	
Legal expenses	90,553	

Travel expenses	66,301
Other expenses	139,791
	<u>4,664,467</u>

10. Research and development expenses	From inception to July 31, 2017	\$
Gross Payroll expenses	8,265,524	
Minus: Reclass to Intangible Assets (Note 3)	(7,438,971)	
Net Payroll expense	<u>826,552</u>	
Employee benefits	250,509	
Amortization expenses	589,037	
Other expenses	<u>737,310</u>	
	<u>2,403,408</u>	

This is **Exhibit "B"** referred to in the Affidavit of
Xia Zhang sworn before me at Vancouver, B.C.
this 11 day of December, 2017

A handwritten signature in black ink, appearing to read 'H. W. ...', written over a horizontal line.

A Commissioner for taking Affidavits for
British Columbia



BC Company Summary

For
NETWORK INTELLIGENCE INC.

Date and Time of Search: November 30, 2017 11:14 AM Pacific Time
Currency Date: November 16, 2017

ACTIVE

Incorporation Number: BC1046204
Name of Company: NETWORK INTELLIGENCE INC.
Recognition Date and Time: Incorporated on August 18, 2015 12:12 PM Pacific Time **In Liquidation:** No
Last Annual Report Filed: August 18, 2016 **Receiver:** No

COMPANY NAME INFORMATION

Previous Company Name	Date of Company Name Change
ISTUARY NETWORK INTELLIGENCE INC.	October 16, 2015

REGISTERED OFFICE INFORMATION

Mailing Address:	Delivery Address:
1500 ROYAL CENTRE 1055 WEST GEORGIA STREET PO BOX 11117 VANCOUVER BC V6E 4N7 CANADA	1500 ROYAL CENTRE 1055 WEST GEORGIA STREET PO BOX 11117 VANCOUVER BC V6E 4N7 CANADA

RECORDS OFFICE INFORMATION

Mailing Address:	Delivery Address:
1500 ROYAL CENTRE 1055 WEST GEORGIA STREET PO BOX 11117 VANCOUVER BC V6E 4N7 CANADA	1500 ROYAL CENTRE 1055 WEST GEORGIA STREET PO BOX 11117 VANCOUVER BC V6E 4N7 CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:

Sun, Yian (Ethan)

Mailing Address:

800 - 1125 HOWE STREET
VANCOUVER BC V6Z 2K8
CANADA

Delivery Address:

800 - 1125 HOWE STREET
VANCOUVER BC V6Z 2K8
CANADA

NO OFFICER INFORMATION FILED AS AT August 18, 2016.

This is **Exhibit "C"** referred to in the Affidavit of
Xia Zhang sworn before me at Vancouver, B.C.
this 11 day of December, 2017



A Commissioner for taking Affidavits for
British Columbia

CONVERTIBLE LOAN AGREEMENT

THIS AGREEMENT is dated effective January 05, 2017.

BETWEEN:

NETWORK INTELLIGENCE INC., a company incorporated under the laws of British Columbia

(the "**Borrower**")

AND:

ISTUARY PLATINUM FUND III LIMITED PARTNERSHIP, a limited partnership formed under the laws of British Columbia, by its general partner **ISTUARY INVESTMENT MANAGEMENT INC.**

(the "**Lender**")

WHEREAS:

- A. The Lender wishes to make available to the Borrower the Facility;
- B. The Borrower and the Lender have agreed to make the Facility convertible into Preferred Shares in the Borrower according to certain terms and conditions set forth herein; and
- C. The Facility shall be used for the purpose of financing business development of the Borrower.

THEREFORE:

1. DEFINITIONS

In this Agreement:

- (a) "**Agreement**" means this convertible loan agreement, together with any amendments to or replacements of this convertible loan agreement.
- (b) "**Borrower**" is defined in the recital of the parties above.
- (c) "**Business Day**" means a day upon which banks generally are open for business in Vancouver, British Columbia, Canada.
- (d) "**Conversion Date**" has the meaning ascribed to it in Section 7.3.
- (e) "**Conversion Form**" means the form attached hereto as Schedule A.
- (f) "**Conversion Price**" has the meaning ascribed to it in Section 6.1.
- (g) "**Conversion Right**" has the meaning ascribed to it in Section 6.1.

- (h) “**Effective Date**” means the date first set out on this Agreement.
- (i) “**Event of Default**” means each of the events referred to in Section 14.
- (j) “**Facility**” is defined in Section 2.
- (k) “**Maturity Date**” means January, 05, 2018.
- (l) “**Preferred Shares**” means the Preferred Shares of the Borrower.
- (m) “**Lender**” is defined in the recital of the parties above.

2. LOAN AND ASSUMPTION

The Lender hereby grants to the Borrower a credit facility in one or more advances up to the aggregate amount of USD\$3,500,000.00 (the “**Facility**”).

3. AVAILABILITY

The Lender will make the Facility available to the Borrower on or after the Effective Date.

4. INTEREST

If the Facility is converted or repaid in full prior to the Maturity Date, no interest shall be payable on the Facility. Subject to the foregoing, any outstanding and unconverted portion of the Facility, together with all previously accrued and unpaid interest earned, shall bear interest at the rate of twenty-two percent (22%) per annum commencing on and continuing after the Effective Date.

5. REPAYING AND PREPAYING

- 5.1 **Repayment.** If the Facility has not been converted, the Borrower agrees to repay the Facility on demand.
- 5.2 **Prepayment.** The Borrower may repay the Facility in whole or in part without interest (if repaid prior to the Maturity Date), notice, penalty or bonus.
- 5.3 **Manner of Payment.** The Borrower agrees to make payments (including by way of reimbursement) under this Agreement in full without set off or counterclaim and without any deduction for taxes unless prohibited by law.

6. CONVERSION RIGHTS

- 6.1 **Conversion Right.** Unless payment or conversion is otherwise required or made earlier in accordance with the terms and conditions of this Agreement, the Lender may elect, on demand, upon written notice to the Borrower, to exercise the conversion right (the “**Conversion Right**”) and that the full outstanding Facility, without interest before the Maturity Date, or with interest on or after the Maturity Date, be converted into Preferred Shares of the Borrower at a share price calculated based on a post-money valuation of the Borrower of USD\$80,000,000.00 (the “**Conversion Price**”) pursuant to the conversion provisions set out in Section 7 herein. Any portion of the Facility in Canadian Dollars shall be converted to United States Dollars at the prevailing rate on the Conversion Date.

- 6.2 **Release.** The parties agree that upon the issuance of the Preferred Shares by the Borrower to the Lender, the Lender shall release the Borrower from all liability to pay the Facility.
- 6.3 **Further Action.** The Borrower shall take any legal and other necessary steps to ensure the issuance of the Preferred Shares and any rights connected thereto, to the Lender, in the event of a conversion of the Facility.

7. MANNER OF EXERCISE OF CONVERSION RIGHT

The following rules apply with respect to the conversion of any amount payable pursuant to the Conversion Right:

- 7.1 To exercise the Conversion Right, the Lender shall provide to the Borrower a duly completed written notice (which shall be irrevocable) in the form attached hereto as Schedule A (the "**Conversion Form**"), duly executed by the Lender, stating that the Lender elects to convert the full outstanding Facility.
- 7.2 In the case of an exercise of the Conversion Right, the presentation of the Conversion Form shall be deemed to constitute a contract between the Borrower and the Lender whereby: (a) the Lender subscribes for the number of Preferred Shares which the Lender shall be entitled to receive on such conversion and the Borrower shall issue such Preferred Shares to the Lender as fully paid and non-assessable shares in the capital of the Borrower; (b) in the case of the conversion of the full Facility outstanding, the Lender releases the Borrower from all liability to pay the Facility; and (c) the Lender agrees that the exercise of the Conversion Right constitutes full payment of the subscription price for the Preferred Shares issuable upon such conversion. The Lender shall be entered in the books of the Borrower as at the applicable Conversion Date as the holder of the number of Preferred Shares into which the Facility has been converted in accordance with the provisions of this Section 7 and, as soon as practicable thereafter, the Borrower will deliver to the Lender a certificate or certificates for such number of Preferred Shares.
- 7.3 The Facility will be deemed to be presented for conversion on the date (the "**Conversion Date**") on which it is so presented in accordance with the provisions of this Section 7. The rights of the Lender under this Agreement shall terminate at such time and the Lender will be treated as having become the holder of record of securities of the applicable class at that time. Notwithstanding the foregoing, if the Borrower fails to issue such securities to the Lender pursuant to this Agreement, the Lender retains all rights contained in this Agreement until such securities are issued. Until the effective Conversion Date, the Lender will have no rights as a shareholder of the Borrower in respect of the securities represented by this Agreement, including but not limited to the right to vote at shareholder meetings and the right to receive dividends or other distributions applicable to shareholders of the Borrower.

8. RESERVATION OF THE PREFERRED SHARES

The Borrower shall, after the creation of the Preferred Shares and at all times while the Facility remains outstanding, reserve and keep available out of its authorized but unissued Preferred Shares solely for the purpose of issue upon conversion of the Facility as provided herein, such number of Preferred Shares as shall then be issuable upon the conversion of the Facility. All

Preferred Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.

9. FRACTIONAL SHARES

The Borrower shall not issue fractional securities upon the conversion of the Facility. If any fractional interest in a security would, except for the provisions of this Section 9, be deliverable upon the conversion of the Facility, the Borrower shall satisfy such fractional interest by paying to the Lender an amount in the lawful money of Canada equal to an identical fraction of the price at which each security is issued or transferred by the Borrower in connection with the conversion.

10. SHAREHOLDERS' AGREEMENT

Upon conversion of the Facility, the Lender, if not already a party, will be required to sign any shareholders agreement in effect between the Borrower and the shareholders of the Borrower as at the time of conversion, as such agreement(s) may be amended, restated or replaced from time to time. The Lender will execute such documents as are reasonably requested by the Borrower to confirm that it is a party to and is bound by all of the terms and conditions of such agreements.

11. SUBSCRIPTION AGREEMENT

The Lender agrees that upon the exercise of the Conversion Right, the Lender shall enter into any subscription agreement or any other document, and any amendments thereof, as may be required by the Borrower to affect the terms of this Agreement from time to time.

12. REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower hereby represents and warrants to the Lender that the following representations and warranties are true and correct as of the Effective Dates, except where expressly stated to be true as of a specified prior date, in which case such guarantee, representation or warranty shall continue to be true and correct as of such specified date:

- 12.1 **Corporate Existence and Power.** The Borrower is duly incorporated and validly existing under the laws of British Columbia, Canada, and has all requisite corporate power and authority to enter into and perform its obligations under this Agreement.
- 12.2 **Corporate Authorisation and Binding Agreement.** This Agreement and the performance by the Borrower of its obligations hereunder have been, or will be duly authorised by all necessary corporate actions on the part of the Borrower. This Agreement will, when executed, constitute valid and binding obligations of the Borrower in accordance with its terms.
- 12.3 **Taxation.** All taxations for which the Borrower has been liable have been duly paid (insofar as such taxation ought to have been paid) and/or adequate provisions and accruals have been accounted for. All necessary tax returns and other information in respect of any and all taxes, which ought to have been given have been properly and duly submitted by the Borrower to the competent governmental entity and are not the subject of any dispute, nor are likely to become the subject of any dispute with such authorities.

12.4 **Third Party Guarantees.** The Borrower has not issued guarantees or similar commitments of shareholders, directors, officers or employees of the Borrower or third parties which are still in force and effect as of the date of this Agreement.

13. COVENANTS

The Borrower covenants to the Lender that, as from the date hereof and for so long as any amount is outstanding from the Borrower to the Lender hereunder, it will:

13.1 **Information of Event of Default.** Promptly inform the Lender about any event which in its reasonable opinion constitutes or will, by giving notice or lapse of time, constitute an Event of Default.

13.2 **Laws and Regulations.** Procure that the Borrower and its respective business at all times comply with all applicable laws and regulations, and without undue delay notify the Lender of any material, actual, threatened or alleged breach of laws and regulations applicable to it.

13.3 **Encumbrances (Negative Pledge).** Procure that neither its assets nor its revenues become subject to any pledge, charge, mortgage or encumbrance whatsoever, without the prior written consent of the Lender. The Lender acknowledges and agrees that this Agreement does not create any security interest in favour of the Lender.

13.4 **Further Financial Indebtedness.** The Lender agrees that the Borrower may incur further financial and operational liabilities, including:

- (a) trade payables;
- (b) routine liabilities;
- (c) liabilities incurred by operation of law;
- (d) liabilities in accordance with the terms of this Agreement; and
- (e) additional loans ranking in same or lower priority as the Facility.

13.5 **Dividends, etc.** Not make any distribution or pay any dividends to its shareholders or any future shareholders, or repurchase any shares, at any time while the Facility remains outstanding without the prior written consent of the Lender.

13.6 **Creation of the Preferred Shares.** Take all steps necessary after the date hereof to cause the articles of the Borrower to be amended to create the Preferred Shares that are issuable upon conversion to the Lender pursuant to the terms of this Agreement.

14. EVENTS OF DEFAULT

Each of the following events shall be an Event of Default:

14.1 **Default.** The Borrower fails to repay the Facility upon demand of the Lender.

14.2 **Default in Other Obligation.** The Borrower is in default of any other provisions of this Agreement, provided however that in the event of a default, the Borrower shall be

accorded a period of 15 Business Days after notice from the Lender to remedy such default.

- 14.3 **Enforcement Against Assets.** Any of the Borrower's property is subject to distress or seizure, or a judgment or order is enforced or becomes enforceable against any of its property.
- 14.4 **Bankruptcy and Liquidation.** An order of a competent court or an event analogous thereto is made or any effective resolution is passed with a view to the bankruptcy, composition proceedings, liquidation or winding up of the Borrower.
- 14.5 **Admittance of Inability to Perform.** The Borrower is unable or admits in writing its inability to pay its lawful debts as they mature or makes a general assignment for the benefit of its creditors.
- 14.6 **Termination of Business.** The Borrower ceases or threatens to cease to carry on its business or disposes or threatens to dispose of a substantial part of its business, properties, or assets or the same are seized or appropriated for any reason.

15. ACCELERATION

Upon the occurrence of any Event of Default, the Lender may forthwith or at any time during the subsistence of the Event of Default notify the Borrower in writing and the entire amount of the Facility and all other amounts outstanding hereunder shall become immediately due and payable and the Lender will be under no further obligation to make any parts of the Facility available to the Borrower.

16. INDEMNIFICATION

The Borrower shall indemnify and hold the Lender harmless from and against any losses, liabilities, damages, costs and expenses arising directly or indirectly out of or resulting from any Event of Default or any breach by the Borrower of: (a) a representation or warranty made by the Borrower in or pursuant to this Agreement; or (b) any of the covenants or agreements made by the Borrower in or pursuant to this Agreement.

17. GENERAL PROVISIONS

- 17.1 **Exemption.** The Lender will provide the Borrower with a completed exemption form in the form attached as Schedule B, and, as applicable, the accredited investor certificate in the form attached as Schedule C.
- 17.2 **Currency.** Any reference in this Agreement to "Dollars", "dollars" or the symbol "\$" shall be deemed to be a reference to lawful money of United States.
- 17.3 **Expenses.** Each party to this Agreement will be responsible for its own expenses incurred with respect to the transactions contemplated by this Agreement.
- 17.4 **Business Day.** If under this Agreement any payment or calculation is to be made, or any other action is to be taken, on or as of a day which is not a Business Day, the payment or calculation is to be made, or that other action is to be taken, on or as of the next day that is a Business Day.

- 17.5 **Time.** Time shall be of the essence of this Agreement.
- 17.6 **Notices.** Any notice, payment or other communication required or permitted to be given or served pursuant to this Agreement shall be in writing and shall be delivered personally or forwarded by first class prepaid mail or email to the party concerned at the address set out at the beginning of this Agreement, or to any other address as may from time to time be notified in writing by any of the parties hereto. Any notice, payment or other communication shall be deemed to have been given, if delivered by hand, on the day delivered, and if mailed, five Business Days following the date of posting; provided that if there shall be at the time of mailing or within five Business Days thereof a mail strike, slowdown or other labour dispute that might affect delivery by mail, then the notice, payment or other communication shall be effective only when actually delivered.
- 17.7 **Severability.** Should any part of this Agreement be declared or held to be invalid for any reason, the invalidity shall not affect the validity of the remainder of this Agreement which shall continue in full force and effect and be construed as if this Agreement had been executed without the invalid portion and it is hereby declared the intention of the parties that this Agreement would have been executed without reference to any portion that may, for any reason, be hereafter declared or held invalid.
- 17.8 **Further Assurances.** The parties shall execute all other documents and instruments and do all other things necessary to implement and carry out the terms of this Agreement.
- 17.9 **Governing Law.** This Agreement shall be governed by and be construed in accordance with the laws of the Province of British Columbia and is subject to the exclusive jurisdiction of the courts of British Columbia, and each party hereby attorns to the jurisdiction of the Courts of British Columbia. In the event of litigation arising out of or in relation to this Agreement or the interpretation thereof, the unsuccessful party with respect to such litigation shall pay the reasonable legal fees and disbursements (and all applicable taxes thereon) of the prevailing party on a solicitor and own client basis.
- 17.10 **Entire Agreement.** The provisions herein constitute the entire Agreement among the parties and supersede all previous communications, representations and agreements, whether verbal or written, among the parties with respect to the subject matter hereof.
- 17.11 **Non-Waiver.** No failure or failures to enforce any term or condition of this Agreement by any of the parties hereto shall constitute a waiver of any other party's obligation to perform that term or condition. Furthermore, no waiver, expressed or implied, by any of the parties hereto of any breach or non-performance by any other party of any term or condition of this Agreement shall be deemed to be a waiver of any further breach or non-performance of that term or condition.
- 17.12 **Counterparts.** This Agreement may be executed in one or more counterparts or by facsimile, each of which when so executed and delivered (by facsimile or otherwise) shall be deemed to be an original, but all of which together shall constitute one and the same document.
- 17.13 **Enurement.** This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

17.14 **No Disclosure.** Each of the parties to this Agreement agrees to keep this Agreement and the contents of this Agreement confidential and not disclose this Agreement or the contents of this Agreement to any person that is not a party to this Agreement (other than to that party's professional advisors) without the prior written consent of the board of directors of the Borrower.

17.15 **Injunctive Relief and Remedies.** The parties to this Agreement acknowledge and agree that any violation of any of the terms of this Agreement will cause irreparable damage or injury to the other parties, the exact amount of which would be impossible to ascertain and would not be adequately remedied by monetary damages, and that, for that reason, among others, any one or more of the other parties will be entitled to temporary and permanent injunctions (or their functional equivalents) restraining any further violations of such term and to compel specific performance under this Agreement by any court having jurisdiction. The rights and remedies in this Agreement shall be in addition to, and not in lieu of, any other rights and remedies available to the parties to this Agreement, whether at law or in equity.

[remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF this Agreement is signed by the parties on January 05, 2017, effective as of the date first set out above.

BORROWER:

NETWORK INTELLIGENCE INC.

Per: 

Authorized Signatory

LENDER:

**ISTUARY PLATINUM FUND III LIMITED
PARTNERSHIP**, by its general partner
ISTUARY INVESTMENT MANAGEMENT INC.

Per: _____
Authorized Signatory

SCHEDULE A
NETWORK INTELLIGENCE INC.
CONVERSION FORM

TO: **NETWORK INTELLIGENCE INC.** (the "Issuer")

All capitalized terms used herein have the meaning ascribed thereto in the Agreement to which this form is a Schedule to, unless otherwise indicated.

The undersigned irrevocably elects to convert the full Facility of \$_____ in accordance with the terms contained in the Agreement, and directs that the Preferred Shares of the Issuer issuable upon a conversion be issued and delivered to the person indicated below.

Dated: _____

Name: _____

Signature: _____

Certificates representing the Preferred Shares are to be issued, registered and delivered as follows and in the absence of instructions to the contrary, the certificates will be issued in the name of or to the registered holder and will be sent by first class mail to the last address of the registered holder appearing in the register:

Name: _____

Address: _____

SCHEDULE B
EXEMPTION FORM

Capitalized terms used in this Schedule B and defined in the Convertible Loan Agreement to which this Schedule B is attached have the meaning defined in the Convertible Loan Agreement unless otherwise defined herein.

1. In connection with the Facility made by the Lender to **NETWORK INTELLIGENCE INC.** (the "**Corporation**"), which Facility is convertible into shares in the Corporation, the Lender hereby represents, warrants and certifies to the Corporation that ***(please check the appropriate line – choose only one of (a), (b), (c), (d) or (e) below)***:
- (a) Accredited Investor Exemption: _____ the Lender is an "accredited investor" within the meaning of National Instrument 45-106 entitled "Prospectus Exemptions" ("**NI 45-106**") by virtue of the fact that the Lender falls within one or more of the subparagraphs of the definition of "accredited investor" set out in Schedule C (**YOU MUST ALSO COMPLETE THE ACCREDITED INVESTOR CERTIFICATE ATTACHED AS SCHEDULE C**); or
- (b) \$150,000 Exemption: _____ the aggregate value of the Facility is not less than \$150,000 and if the Lender is not an individual, it was not created or used solely to purchase or hold securities in reliance on the exemption from the prospectus requirement contained in Section 2.10 of NI 45-106;
- (c) Family, Friends and Business Associates Exemption (other than Ontario): _____ the Lender is a resident in British Columbia or Alberta and is ***(please check the appropriate box)***:
- (i) a director, executive officer or control person of the Corporation (as such terms are defined in NI 45-106) or of an affiliate of the Corporation; or
- (ii) a spouse (as such term is defined in NI 45-106), parent, grandparent, brother, sister, child or grandchild of _____ [insert name], a person referred to in (i) above; or
- (iii) a parent, grandparent, brother, sister, child or grandchild of _____ [insert name], the spouse of a person referred to in (i) above; or
- (iv) a close personal friend of _____ [insert name], a person referred to in (i) above; or
- (v) a close business associate of _____ [insert name], a person referred to in (i) above; or
- (vi) a founder of the Corporation or a spouse, parent, grandparent, brother, sister, child, grandchild, close personal friend or close business associate of a founder of the Corporation; or

- (vii) a parent, grandparent, brother, sister, child or grandchild of _____ [insert name], the spouse of a founder of the Corporation; or
 - (viii) a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons described in (i) to (vii) above; or
 - (ix) a trust or estate of which all the beneficiaries or a majority of the trustees or executors are persons described in (i) to (vii) above.
- (d) Founder, Control Person and Family (ON): _____ the Lender is an Ontario resident and (***please check the appropriate box***):
- (i) is a founder of the Corporation;
 - (ii) is an affiliate of a founder of the Corporation;
 - (iii) is a spouse, parent, brother, sister, grandparent, child or grandchild of _____ [insert name] who is an executive officer, director or founder of the Corporation (as such terms are defined in NI 45-106); or
 - (iv) is a person that is a control person of the Corporation.
- (e) Employee, Executive Officer, Director and Consultant: _____ is purchasing the securities on a voluntary basis and is, as defined in NI 45-106 (***please check the appropriate box***):
- (i) an employee;
 - (ii) an executive officer;
 - (iii) a director;
 - (iv) a consultant; or
 - (v) a permitted assign of a person or company referred to in (i) – (iv) above;
- of the Corporation or a related entity, as defined in NI 45-106, of the Corporation.
2. the above representations, warranties and covenants will be true and correct both as of the execution of this certificate and as of the time of funding of the Facility and will survive the funding of the Facility;
3. the foregoing representations, warranties and covenants are made by the Lender with the intent that they be relied upon in determining the suitability of the Lender as a lender of the Facility and the undersigned undertakes to immediately notify the Corporation of any change in any statement or other information relating to the undersigned, set forth herein which takes place prior to the funding of the Facility.

The Lender has executed this Certificate as of the 05th day of January, 2017.

If a trust, partnership or other entity:

If an individual:

Istuary Platinum Fund III Limited Partnership
Name of Entity

Signature

Limited Partnership
Type of Entity

Name of Individual

Signature of Person Signing

Partner
Title of Person Signing

As used in this certificate, the following terms have the following meaning:

A Borrower is an “**affiliate**” of another Borrower if (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same person;

“**close business associate**” has the meaning ascribed thereto in Section 2.8 of Companion Policy 45-106 CP to National Instrument 45-106 and subject thereto means an individual who has sufficient prior business dealings, with a director, executive officer, founder or control person of the Corporation, to be in a position to assess the capabilities and trustworthiness of such person;

“**close personal friend**” has the meaning ascribed thereto in Section 2.7 of Companion Policy 45-106 CP to National Instrument 45-106 and subject thereto means an individual who knows a director, executive officer, founder or control person of the Corporation well enough and has known them for a sufficient period of time to be in a position to assess the capabilities and trustworthiness of such person;

“**control person**” has the meaning ascribed to that term in the securities legislation except in Ontario, Québec and Nova Scotia where “control person” means any person that holds or is one of a combination of persons that holds (a) a sufficient number of any of the securities of an Borrower so as to affect materially the control of the Borrower, or (b) more than 20% of the outstanding voting securities of an Borrower except where there is evidence showing that the holding of those securities does not affect materially the control of the Borrower;

“**founder of the Corporation**” means a person who (a) acting alone, in conjunction or in concert with one or more other persons, directly or indirectly, takes the initiative in founding,

organizing or substantially reorganizing the business of the Corporation; and (b) is now still actively involved in the business of the Corporation;

“**person**” includes an individual, a corporation, a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative; and

“**subsidiary**” means an Borrower that is controlled directly or indirectly by another Borrower and includes a subsidiary of that subsidiary.

SCHEDULE C

ACCREDITED INVESTOR CERTIFICATE

TO: NETWORK INTELLIGENCE INC. (the "Corporation")

Capitalized terms used in this Schedule C and defined in the Convertible Loan Agreement to which this Schedule C is attached have the meaning defined in the Convertible Loan Agreement unless otherwise defined herein.

The undersigned hereby represents, warrants and certifies to the Corporation that the undersigned is an "accredited investor" as defined in Section 1.1 of National Instrument 45-106 ("NI 45-106"). The undersigned has indicated below the categories which the undersigned satisfies in order to qualify as an "accredited investor".

The undersigned understands that the Corporation and its counsel are relying upon this information in determining enter into the Convertible Loan Agreement with the undersigned in a manner exempt from the prospectus and registration requirements of applicable securities laws.

The undersigned represents, warrants and certifies that it, he or she is: ***[initial or place a checkmark above the line to the left of each applicable item]***

- _____ (a) a Canadian financial institution, or an a Schedule III of the Bank;
- _____ (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
- _____ (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;
- _____ (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer;
- _____ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d);
- _____ (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador);
- _____ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada;

- _____ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an inter-municipal management board in Québec;
- _____ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
- _____ (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada;
- _____ (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds Cdn\$1,000,000;

Note: Financial assets include cash and securities, but do not include a personal residence – see the definition of “financial assets” later in this certificate. Financial assets are generally liquid or relatively easy to liquidate. You must subtract any liabilities related to your financial assets to calculate your net financial assets—see the definition of “related liabilities”. Financial assets held in a group RRSP under which you do not have the ability to acquire the financial assets and deal with them directly are not considered to be beneficially owned by you. If you meet the higher financial asset threshold set out in paragraph (j.1), then initial paragraph (j.1) instead of this paragraph (j).

Note: If you are an accredited investor described in this paragraph (j) and do not meet the higher financial asset threshold set out in paragraph (j.1), you must deliver a completed Form 45-106F9 – Form for Individual Accredited Investor (Schedule C-1).

- _____ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds Cdn\$5,000,000;

Note: The financial assets of your spouse (including financial assets in a spousal RRSP) cannot be included in the calculation of net financial assets under this paragraph (j.1).

- _____ (k) an individual whose net income before taxes exceeded Cdn\$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded Cdn\$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year;

Note: If you are an accredited investor described in this paragraph (k), you must deliver a completed Form 45-106F9 – Form for Individual Accredited Investor (Schedule C-1).

- _____ (l) an individual who, either alone or with a spouse, has net assets of at least Cdn\$5,000,000;

Note: To calculate net assets, take the value of your total assets (which may include a personal residence) and subtract your total liabilities (which may include a mortgage). The value attributed to assets should reasonably reflect their estimated fair value. Income tax should be considered a liability if the obligation to pay it is outstanding at the time of the subscription.

Note: If you are an accredited investor described in this paragraph (l), you must deliver a completed Form 45-106F9 – Form for Individual Accredited Investor (Schedule C-1).

- _____ (m) a person, other than an individual or investment fund, that has net assets of at least Cdn\$5,000,000 as shown on its most recently prepared financial statements;

- _____ (n) an investment fund that distributes or has distributed its securities only to:

(i) a person that is or was an accredited investor at the time of the distribution;

(ii) a person that acquires or acquired securities in the circumstances referred to in section 2.10 of NI 45-106 (*Minimum amount investment*) on section 2.19 of NI 45-106 (*Additional investment in investment funds*); or

(iii) a person described in paragraph (i) or (ii) above that acquires or acquired securities under section 2.18 of NI 45-106 (*Investment fund reinvestment*);

- _____ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt;

- _____ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;

- _____ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction;

- _____ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or other adviser registered under the securities legislation of the jurisdiction of the registered charity to provide advice on the securities being traded;
- _____ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (e) and paragraph (i) in form and function;
- _____ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investor;
- _____ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser;
- _____ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or
- _____ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investor and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

The Lender has executed this Certificate as of 5th day January, 2017.

**If a Corporation, Partnership or
Other Entity:**

If an individual:

Istuary Platinum Fund III Limited Partnership
Name of Entity

Signature

Partnership
Type of Entity

Named Individual

Signature of person Signing

Signature

Partner
Title of person Signing

Named Individual

As used in this Certificate, the following terms have the following meanings:

A Borrower is an “**affiliate**” of another Borrower if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same person;

“**Canadian financial institution**” means:

- (a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under Section 473(1) of that Act; or
- (b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

“**control person**” has the meaning ascribed to that term in securities legislation except in Ontario, Québec and Nova Scotia where “control person” means any person that holds or is one of a combination of persons that holds:

- (a) a sufficient number of any of the securities of an Borrower so as to affect materially the control of the Borrower, or
- (b) more than 20% of the outstanding voting securities of an Borrower except where there is evidence showing that the holding of those securities does not affect materially the control of the Borrower;

“**eligibility advisor**” means:

- (a) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed; and
- (b) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not:
 - (i) have a professional, business or personal relationship with the Borrower, or any of its directors, executive officers, founders or control persons, and
 - (ii) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the Borrower or any of its directors, executive officers, founders or control persons within the previous 12 months;

“financial assets” means cash, securities, or a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;

“foreign jurisdiction” means a country other than Canada or a political subdivision of a country other than Canada;

“fully managed account” means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction;

“investment fund” has the same meaning as in National Instrument 81-106 Investment Fund Continuous Disclosure and means a mutual fund or a non-redeemable investment fund;

“jurisdiction” means a province or territory of Canada except when used in the term foreign jurisdiction;

“local jurisdiction” means the jurisdiction in which the Canadian securities regulatory authority is situated;

“non-redeemable investment fund” has the same meaning as in National Instrument 81-106 Investment Fund Continuous Disclosure and means an Borrower:

- (a) whose primary purpose is to invest money provided by its security holders;
- (b) that does not invest:
 - (i) for the purpose of exercising or seeking to exercise control of an Borrower, other than an Borrower that is a mutual fund or a non-redeemable investment fund; or
 - (ii) for the purpose of being actively involved in the management of any Borrower in which it invests, other than an Borrower that is a mutual fund or a non-redeemable investment fund; and
- (c) that is not a mutual fund;

“person” includes an individual, a corporation, a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not; and an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative;

“regulator” means, for the local jurisdiction, the Executive Director as defined under securities legislation of the local jurisdiction;

“related liabilities” means:

- (a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets; or
- (b) liabilities that are secured by financial assets;

“**securities legislation**” means securities legislation as such term is defined in National Instrument 14-101 *Definitions*;

“**spouse**” means, an individual who:

- (a) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual;
- (b) is living with another individual in a marriage like relationship, including a marriage like relationship between individuals of the same gender; or
- (c) in Alberta, is an individual referred to in paragraph (a) or (b), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta); and

“**subsidiary**” means an Borrower that is controlled directly or indirectly by another Borrower and includes a subsidiary of that subsidiary.

Section 2.10 *Minimum amount investment* of NI 45-106 refers to a distribution of a security to a person where that person purchases as Facility, the security has an acquisition cost to the purchaser of not less than \$150,000 paid in cash at the time of the distribution, and the distribution is of a security of a single Borrower.

Section 2.18 *Investment fund reinvestment* of NI 45-106 refers to the following distributions by an investment fund, and the investment fund manager of the fund, to a security holder of the investment fund if the distributions are permitted by a plan of the investment fund:

- (a) a distribution in a security of the investment fund’s own issue if a dividend or distribution out of earnings, surplus, capital or other sources payable in respect of the investment fund’s securities is applied to the purchase of the security that is of the same class or series as the securities to which the dividend or distribution out of earnings, surplus, capital or other sources is attributable; and
- (b) a distribution of a security of the investment fund’s own issue if the security holder makes an optional cash payment to purchase the security of the investment fund that is of the same class or series of securities described in paragraph (a) that trade on a marketplace, so long as the aggregate number of securities issued thereunder does not exceed, in any financial year of the investment fund during which the distribution takes place, 2% of the issued and outstanding securities of the class to which the plan relates as at the beginning of the financial year.

Section 2.19 *Additional investment in investment funds* of NI 45-106 refers to a distribution by an investment fund, or the investment fund manager of the fund, of a security of the investment fund’s own issue to a security holder of the investment fund where: (a) the security holder initially acquired securities of the investment fund as Facility for an acquisition cost of not less than \$150,000 paid in cash at the time of the distribution; (b) the distributions of a security of the same class or series as the securities initially acquired as described in paragraph (a); and (c) the security holder, as at the date of the distribution, holds securities of the investment fund that have (i) an acquisition cost of not less than \$150,000; or (b) a net asset value of not less than \$150,000.

SCHEDULE C-1
FORM FOR INDIVIDUAL ACCREDITED INVESTORS

DEMAND PROMISSORY NOTE

To: Istuary Platinum Fund III LP (The “Lender”) Principal Amount: USD\$395,000

1. **Principal Amount.** For good and valuable consideration, Network Intelligence Inc. (the “Borrower”) promises to pay to, or to the order of, the Lender, the principal sum of USD\$395,000 (the “Principal Amount”) and the Principal Amount shall become payable upon demand of the Lender.
2. **Interest.** The Principal Amount will bear interest at a rate of 22% per annum.
3. **Payable on Demand.** The whole or any portion of the Principal Amount, together with any accrued but unpaid interest, will become due and payable upon written demand by the Lender to the Borrower.
4. **Events of Default.** The Borrower shall be in default of this Promissory Note if:
 - (a) any proceeding is commenced against or otherwise affects the Borrower seeking the appointment of a receiver, trustee, liquidator, or custodian or similar official for it or for any material part of its property;
 - (b) any steps are taken or any action or proceeding is instituted by the Borrower or any other party, including any court or governmental body, for the dissolution, winding up, liquidation or other termination of the corporate existence of the Borrower;
 - (c) the Borrower becomes insolvent or commits an act of bankruptcy or makes a general assignment for the benefit of any of its creditors;
 - (d) the Borrower makes a proposal or otherwise takes advantage of provisions under the *Bankruptcy and Insolvency Act*, the *Companies Creditors' Arrangement Act*, or similar legislation in any jurisdiction;
 - (e) the Borrower fails to pay its debts generally as they become due; or
 - (f) the Borrower ceases, or threatens to cease, to carry on all or a substantial part of its business,

(each an “**Event of Default**”). Upon the occurrence of any Event of Default, (i) the Lender may at any time declare all unpaid debts, liabilities and obligations of the Borrower to the Lender under this Promissory Note, to be immediately due and payable without presentment, demand, protest or any other notice of any kind; and (ii) the Lender may exercise all rights and remedies available to the Lender hereunder and under applicable law.
5. **Prepayment.** The Borrower may prepay the Principal Amount in whole or in part at any time and from time to time, without notice, bonus or penalty being paid to the Lender.
6. **Time of Essence.** Time will in all respects be of the essence of this Promissory Note.
7. **Waiver by Lender and Amendment.** No amendment, discharge, modification, restatement, supplement, termination or waiver of this Promissory Note or any Section of

this Promissory Note is binding unless it is in writing and executed by the party to be bound. The extension of time for making any payment which is due and payable hereunder at any time or the failure, delay or omission on the part of the Lender to exercise or enforce any rights or remedies of the Lender hereunder or under any instrument securing payment of the indebtedness evidenced by this Promissory Note shall not constitute a waiver of the right of the Lender to enforce such rights and remedies thereafter.

8. **Governing Law.** This Promissory Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.
9. **Notice.** Any notice required to be given to a party under this Promissory Note shall be delivered to the address of such party first above written, or such other address as such party may, from time to time, designate in writing by notice given in accordance with this Section, or by personal delivery to such party. Such notice shall be deemed to have been received by such party, if delivered, on the day of delivery.
10. **Borrower's Waiver.** The Borrower waives presentment for payment, notice of non-payment, protest and notice of protest of this Promissory Note.
11. **Binding and Enurement.** This Promissory Note and the promises, terms, and conditions contained herein shall be binding upon the Borrower and its successors and permitted assigns.

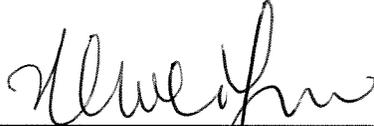
The Borrower has executed this Promissory Note this 25 day of April, 2017.

NETWORK INTELLIGENCE INC.

Per: 

Authorized Signatory

This is **Exhibit "D"** referred to in the Affidavit of
Xia Zhang sworn before me at Vancouver, B.C.
this 11 day of December, 2017

A handwritten signature in black ink, appearing to read 'N. Weir', written over a horizontal line.

A Commissioner for taking Affidavits for
British Columbia



BC Registry Services

Mailing Address: PO Box 9431 Stn Prov Govt Victoria BC V8W 9V3 www.corporateonline.gov.bc.ca

Location: 2nd Floor - 940 Blanshard Street Victoria BC 1 877 526-1526

Notice of Change of Directors

FORM 10 BUSINESS CORPORATIONS ACT Section 127

Filed Date and Time: November 16, 2016 09:59 AM Pacific Time

Incorporation Number: BC1046204

Name of Company: NETWORK INTELLIGENCE INC.

Date of Change of Directors

October 12, 2016

New Director(s)

Last Name, First Name, Middle Name: Hu, Yulan

Mailing Address: 8F - 1125 HOWE STREET VANCOUVER BC V6Z 2K8 CANADA

Delivery Address: 8F - 1125 HOWE STREET VANCOUVER BC V6Z 2K8 CANADA

Last Name, First Name, Middle Name: Jia, Bo

Mailing Address: 8F - 1125 HOWE STREET VANCOUVER BC V6Z 2K8 CANADA

Delivery Address: 8F - 1125 HOWE STREET VANCOUVER BC V6Z 2K8 CANADA

Last Name, First Name, Middle Name:

Wang, Lixin

Mailing Address:

161 CHELWOOD DRIVE
VAUGHAN ON L4J 7C4
CANADA

Delivery Address:

161 CHELWOOD DRIVE
VAUGHAN ON L4J 7C4
CANADA

Last Name, First Name, Middle Name:

Yang, Shuang Jie

Mailing Address:

8F - 1125 HOWE STREET
VANCOUVER BC V6Z 2K8
CANADA

Delivery Address:

8F - 1125 HOWE STREET
VANCOUVER BC V6Z 2K8
CANADA

Director(s) Change of Name or Address

Last Name, First Name, Middle Name:

Sun, Yian (Ethan) (formerly Sun, YiAn (Ethan))

Mailing Address:

8F - 1125 HOWE STREET
VANCOUVER BC V6Z 2K8
CANADA

Delivery Address:

8F - 1125 HOWE STREET
VANCOUVER BC V6Z 2K8
CANADA

Director(s) as at October 12, 2016

Last Name, First Name, Middle Name:

Hu, Yulan

Mailing Address:

8F - 1125 HOWE STREET
VANCOUVER BC V6Z 2K8
CANADA

Delivery Address:

8F - 1125 HOWE STREET
VANCOUVER BC V6Z 2K8
CANADA

Last Name, First Name, Middle Name:

Jia, Bo

Mailing Address:

8F - 1125 HOWE STREET
VANCOUVER BC V6Z 2K8
CANADA

Delivery Address:

8F - 1125 HOWE STREET
VANCOUVER BC V6Z 2K8
CANADA

Last Name, First Name, Middle Name:

Sun, Yian (Ethan)

Mailing Address:

8F - 1125 HOWE STREET
VANCOUVER BC V6Z 2K8
CANADA

Delivery Address:

8F - 1125 HOWE STREET
VANCOUVER BC V6Z 2K8
CANADA

Last Name, First Name, Middle Name:

Wang, Lixin

Mailing Address:

161 CHELWOOD DRIVE
VAUGHAN ON L4J 7C4
CANADA

Delivery Address:

161 CHELWOOD DRIVE
VAUGHAN ON L4J 7C4
CANADA

Last Name, First Name, Middle Name:

Yang, Shuang Jie

Mailing Address:

8F - 1125 HOWE STREET
VANCOUVER BC V6Z 2K8
CANADA

Delivery Address:

8F - 1125 HOWE STREET
VANCOUVER BC V6Z 2K8
CANADA



BC Registry Services

Mailing Address: PO Box 9431 Stn Prov Govt Victoria BC V8W 9V3 www.corporateonline.gov.bc.ca

Location: 2nd Floor - 940 Blanshard Street Victoria BC 1 877 526-1526

Notice of Change of Directors

FORM 10 BUSINESS CORPORATIONS ACT Section 127

Filed Date and Time: June 30, 2017 02:14 PM Pacific Time

Incorporation Number: BC1046204

Name of Company: NETWORK INTELLIGENCE INC.

Date of Change of Directors

June 23, 2017

Director(s) who have ceased to be Directors

Last Name, First Name, Middle Name: Chen, Yu

Mailing Address: 63 KING'S CROSS AVENUE RICHMOND HIL ON L4B 2T1 CANADA

Delivery Address: 63 KING'S CROSS AVENUE RICHMOND HIL ON L4B 2T1 CANADA

Last Name, First Name, Middle Name: Wang, Lixin

Mailing Address: 161 CHELWOOD DRIVE VAUGHAN ON L4J 7C4 CANADA

Delivery Address: 161 CHELWOOD DRIVE VAUGHAN ON L4J 7C4 CANADA

Director(s) as at June 23, 2017

Last Name, First Name, Middle Name:

Sun, Yian (Ethan)

47

Mailing Address:

800 - 1125 HOWE STREET
VANCOUVER BC V6Z 2K8
CANADA

Delivery Address:

800 - 1125 HOWE STREET
VANCOUVER BC V6Z 2K8
CANADA

This is **Exhibit "E"** referred to in the Affidavit of
Xia Zhang sworn before me at Vancouver, B.C.
this 11 day of December, 2017



A Commissioner for Taking Affidavits for
British Columbia



BC Company Summary

For
1130489 B.C. LTD.

Date and Time of Search: December 05, 2017 01:09 PM Pacific Time
Currency Date: November 16, 2017

ACTIVE

Incorporation Number: BC1130489
Name of Company: 1130489 B.C. LTD.
Recognition Date and Time: Incorporated on August 16, 2017 02:20 PM Pacific Time **In Liquidation:** No
Last Annual Report Filed: Not Available **Receiver:** No

REGISTERED OFFICE INFORMATION

Mailing Address:
 1600 - 925 WEST GEORGIA STREET
 VANCOUVER BC V6C 3L2
 CANADA

Delivery Address:
 1600 - 925 WEST GEORGIA STREET
 VANCOUVER BC V6C 3L2
 CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
 1600 - 925 WEST GEORGIA STREET
 VANCOUVER BC V6C 3L2
 CANADA

Delivery Address:
 1600 - 925 WEST GEORGIA STREET
 VANCOUVER BC V6C 3L2
 CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
 Nie, Renke

Mailing Address:
 #1902-BUILDING NO. 1
 221 XIANGGANG EAST ROAD, QINGDAO
 SHANGHAI 266061
 CHINA

Delivery Address:
 #1902-BUILDING NO. 1
 221 XIANGGANG EAST ROAD, QINGDAO
 SHANGHAI 266061
 CHINA

Last Name, First Name, Middle Name:

Wang, Shigang

Mailing Address:

748 CRYSTAL COURT NORTH
VANCOUVER BC V7R 2B5
CANADA

Delivery Address:

748 CRYSTAL COURT NORTH
VANCOUVER BC V7R 2B5
CANADA

50

Last Name, First Name, Middle Name:

Wang, Lixin

Mailing Address:

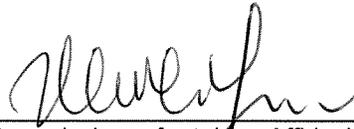
147 STRATHEARN AVENUE
RICHMOND HILL ON L4B 2L7
CANADA

Delivery Address:

147 STRATHEARN AVENUE
RICHMOND HILL ON L4B 2L7
CANADA

NO OFFICER INFORMATION FILED .

This is **Exhibit "F"** referred to in the Affidavit of
Xia Zhang sworn before me at Vancouver, B.C.
this 11 day of December, 2017



A Commissioner for taking Affidavits for
British Columbia



BC Company Summary

For
ISTUARY TORONTO CAPITAL INC.

Date and Time of Search: December 10, 2017 04:12 PM Pacific Time
Currency Date: November 16, 2017

ACTIVE

Incorporation Number: BC1041347
Name of Company: ISTUARY TORONTO CAPITAL INC.
Recognition Date and Time: Incorporated on June 29, 2015 02:25 PM Pacific Time **In Liquidation:** No
Last Annual Report Filed: June 29, 2016 **Receiver:** No

REGISTERED OFFICE INFORMATION

Mailing Address: SUITE 2300, BENTALL 5 550 BURRARD STREET VANCOUVER BC V6C 2B5 CANADA	Delivery Address: SUITE 2300, BENTALL 5 550 BURRARD STREET VANCOUVER BC V6C 2B5 CANADA
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RECORDS OFFICE INFORMATION

Mailing Address: SUITE 2300, BENTALL 5 550 BURRARD STREET VANCOUVER BC V6C 2B5 CANADA	Delivery Address: SUITE 2300, BENTALL 5 550 BURRARD STREET VANCOUVER BC V6C 2B5 CANADA
--	---

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
 Sun, Ethan

Mailing Address: 3388 DEVONSHIRE AVENUE COQUITLAM BC V3E 0J8 CANADA	Delivery Address: 3388 DEVONSHIRE AVENUE COQUITLAM BC V3E 0J8 CANADA
---	--

Last Name, First Name, Middle Name:

Wang, Wei

Mailing Address:

16 CEDAR GLEN COURT
KLEINBURG ON L0J 1C0
CANADA

Delivery Address:

16 CEDAR GLEN COURT
KLEINBURG ON L0J 1C0
CANADA

Last Name, First Name, Middle Name:

Wang, Lixin

Mailing Address:

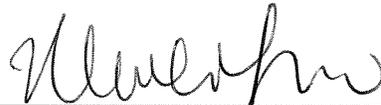
147 STRATHEARN AVENUE
RICHMOND HILL ON L4B 2L7
CANADA

Delivery Address:

147 STRATHEARN AVENUE
RICHMOND HILL ON L4B 2L7
CANADA

NO OFFICER INFORMATION FILED AS AT June 29, 2016.

This is **Exhibit "G"** referred to in the Affidavit of
Xia Zhang sworn before me at Vancouver, B.C.
this 4 day of December, 2017



A Commissioner for taking Affidavits for
British Columbia

授权书

现有收购方有意向收购 Network Intelligence Inc. (简称“目标公司”) 的股份, 同时买断目标公司的债权人在目标公司的债权。目标公司的如下股东愿意转让其持有的全部股权: Istuary Group Holdings Ltd. (简称“Group Holdings”), 温哥华股权一期基金 (Istuary Innovation Fund I LP), 多伦多股权一期基金 (Istuary Toronto Innovation Fund I LP), 洛杉矶股权二期基金 (Istuary Innovation Fund II LP (LA))。目标公司的如下债权人希望收购方买断其在目标公司的债权: 温哥华股权二期基金 (Istuary Innovation Fund II LP), 温哥华股权三期基金 (Istuary Innovation Fund III LP), 温哥华固定收益三期基金 (Istuary Platinum Fund III LP)。

本人, 孙一桢 (Yian Sun) 是目标公司的唯一董事兼法定代表人, 也是目标公司的控股股东 Group Holdings 的唯一股东, 唯一董事兼法定代表人, 并且是投资在目标公司的四只温哥华基金的普通合伙人 (Istuary Investment Management Inc.) 的唯一股东, 唯一董事兼法定代表人 (其中包括温哥华股权一期基金, 温哥华股权二期基金, 温哥华股权三期基金和温哥华固定收益三期基金)。

本人现在在国内的事务繁忙, 无法抽身回温哥华同收购方洽谈收购事宜, 特此授权基金有限合伙人的代表同收购方谈判此收购事宜。本人愿意根据基金有限合伙人的代表超半数的表决结果, 以 Group Holdings 的法定代表人和上述四只温哥华基金的普通合伙人的法定代表人的身份, 配合签署目标公司的股权转让文件, 完成股权转让事宜。被授权的基金有限合伙人代表如下:

1. 张霞, 2. Harrison Han, 3. 董勇强, 4. 陈敏莲, 5. 王伟, 6. Nancy Wang

授权人: 
 孙一桢 (Yian Sun)

见证人: _____

签字日期:

Translator's Declaration

Date: December 10, 2017

To whom it may concern:

I, CHEN Mingmian, Certified Translator from Chinese to English, from English to Chinese and from French to Chinese, a full member in good standing of the Society of Translators and Interpreters of British Columbia (STIBC) and a full member by affiliation of Canadian Translators and Interpreters Council (CTIC), hereby attest that I am proficient in Chinese to English translation and that, to the best of my knowledge and belief, the following is a true, correct and complete translation of a letter of authorization, copy of which is attached herewith. Signed and sealed in Vancouver, British Columbia, this December 10, 2017.

CHEN Mingmian L.L.M



STIBC Certified Translator (Chinese-English, English-Chinese and French-Chinese)
Certification No. 04-10-0882

Full member by affiliation of CTIC (Canadian Translators and Interpreters Council)



(Translation)

I, CHEN Mingmian, hereby certify that this is a true and correct English translation / ~~abridged translation~~ of the attached Chinese document to the best of my knowledge and ability.

Letter of Authorization

December 10, 2017
(Date) CHEN Mingmian,
Certified Translator, B.C. Canada

The current acquiring party intends to acquire the shares of Network Intelligence Inc. (hereinafter the "Target Company") and at the same time buy out the indebtedness that the Target Company owes to its creditor. The following shareholders of the Target Company are willing to transfer all of the shares they hold in Target Company: Istuary Group Holdings Ltd. (hereinafter "Group Holdings"), Istuary Innovation Fund I LP, Istuary Toronto Innovation Fund I LP and, Istuary Innovation Fund II LP (LA). The following creditors of the Target Company would like the acquiring party to buy out the indebtedness that the Target Company owes to them: Istuary Innovation Fund II LP, Istuary Innovation Fund III LP and Istuary Platinum Fund III LP.

I, Yian SUN, am the sole director and legal representative of the Target Company. I am also the sole shareholder, sole director and legal representative of the Group Holdings, which is the controlling shareholder of the Target Company. In addition, I am the sole shareholder, sole director and legal representative of Istuary Investment Management Inc., which is the general partner for the four Vancouver-based funds (including: Istuary Innovation Fund I LP, Istuary Innovation Fund II LP, Istuary Innovation Fund III LP and Istuary Platinum Fund III LP) that have investments in the Target Company.

As I am now too busy with my businesses in China to take time out for going back to Vancouver to negotiate the acquisition with the acquiring party, I hereby authorize the representatives of the limited partners of the funds to negotiate the said acquisition with the acquiring party. In accordance with the voting results which shall account for more than half of the votes by the representatives of the limited partners of the funds, I am willing to sign the Target Company's equity transfer documents in my capacity as the Group Holdings' legal representative and as the legal representative of the general partner of the above four Vancouver-based funds, in order to complete the equity transfer. The authorized representatives of the funds are as follows:

- 1. Xia Zhang, 2. Harrison Han, 3. Yongqiang Dong, 4. Minlian Chen, 5. Wei Wang and 6. Nancy Wang.

Authorizing Party: /signed/ _____
Yian SUN

Witness: _____
Date of signing:



授权书

现有收购方有意向收购 Network Intelligence Inc. (简称“目标公司”)的股份,同时买断目标公司的债权人在目标公司的债权。目标公司的如下股东愿意转让其持有的全部股权: Istuary Group Holdings Ltd. (简称“Group Holdings”), 温哥华股权一期基金 (Istuary Innovation Fund I LP), 多伦多股权一期基金 (Istuary Toronto Innovation Fund I LP), 洛杉矶股权二期基金 (Istuary Innovation Fund II LP (LA))。目标公司的如下债权人希望收购方买断其在目标公司的债权: 温哥华股权二期基金 (Istuary Innovation Fund II LP), 温哥华股权三期基金 (Istuary Innovation Fund III LP), 温哥华固定收益三期基金 (Istuary Platinum Fund III LP)。

本人, 孙一桢 (Yian Sun) 是目标公司的唯一董事兼法定代表人, 也是目标公司的控股股东 Group Holdings 的唯一股东, 唯一董事兼法定代表人, 并且是投资在目标公司的四只温哥华基金的普通合伙人 (Istuary Investment Management Inc.) 的唯一股东, 唯一董事兼法定代表人 (其中包括温哥华股权一期基金, 温哥华股权二期基金, 温哥华股权三期基金和温哥华固定收益三期基金)。

本人现在在国内的事务繁忙, 无法抽身回温哥华同收购方洽谈收购事宜, 特此授权基金有限合伙人的代表同收购方谈判此收购事宜。本人愿意根据基金有限合伙人的代表超半数的表决结果, 以 Group Holdings 的法定代表人和上述四只温哥华基金的普通合伙人的法定代表人的身份, 配合签署目标公司的股权转让文件, 完成股权转让事宜。被授权的基金有限合伙人代表如下:

1. 张霞, 2. Harrison Han, 3. 董勇强, 4. 陈敏莲, 5. 王伟, 6. Nancy Wang

授权人: _____

孙一桢 (Yian Sun)

见证人: _____

签字日期: _____



This is **Exhibit "H"** referred to in the Affidavit of
Xia Zhang sworn before me at Vancouver, B.C.
this 11 day of December, 2017

A handwritten signature in black ink, appearing to read "M. J. ...", written over a horizontal line.

A Commissioner for taking Affidavits for
British Columbia

JIU FA INVESTMENTS LTD.
#2033 – 1177 West Hastings Street
Vancouver, BC V6E 2K3

October ____, 2017

VIA E-MAIL

To: Network Intelligence Inc.
c/o Suite 800 – 1125 Howe Street
Vancouver, BC V6Z 2K8

Attention: **Board of Directors**

Dear Sirs / Mesdames:

Re: Proposal to consider purchase of the assets of Network Intelligence Inc.

We understand that Network Intelligence Inc. (the “**Vendor**”) conducts the business of developing chipsets, and in particular a PCIe4.0 chipset for SSD controllers (the “**Business**”). This letter confirms our discussions to date and our mutual understanding with respect to the potential acquisition (the “**Proposed Transaction**”) by Jiu Fa Investments Ltd. or one of its affiliates (the “**Purchaser**”) of substantially all of the assets relating to the Business (the “**Assets**”). Specifically, this letter sets out the general terms and parameters of our initial discussions regarding the Proposed Transaction, including certain terms and conditions that are proposed to be included in a definitive purchase agreement with respect to the Proposed Transaction (the “**Definitive Agreement**”).

1. **Purchase Price.** The Purchaser will, on the Closing Date (as defined below), purchase the Assets. The purchase price for the Business (the “**Purchase Price**”) is expected to be in the range of USD\$18,300,000 to USD\$19,500,000 (subject to adjustment as described below).

The Purchase Price has been estimated based on the actual funds invested in the Vendor to date by its short-term debtholders (e.g., the secured bridge loan lender), convertible debtholders, preferred shareholders, and common shareholders.

The Purchaser intends to confirm the value of the Assets, including the Vendor’s intellectual property, goodwill, existing contracts with customers, and sample inventory on hand, during the due diligence period, and the Purchase Price will be subject to the results of such due diligence investigation and review further described below.

The Purchase Price will be subject to a post-closing adjustment, if required, based on closing date financial statements of the Vendor, as further described in the Definitive Agreement.

The Purchaser will not assume any liabilities of the Vendor of any kind, including without limitation any liability for any tax, pension, employment, or environmental matters, unless specifically provided for in the Definitive Agreement.

The parties intend for the Purchase Price proceeds to be distributed by the Vendor to its investors in the following order: firstly, to the short-term debtholders (e.g., secured bridge loan lender); secondly, to the convertible debtholders; thirdly, to the preferred shareholders; and fourthly, to the common shareholders.

2. **Timing.** Immediately upon signing this letter, the Purchaser and the Vendor will work diligently and in good faith to settle the Definitive Agreement with a view to completing the transaction on or before January 31, 2018 (the “**Closing Date**”). The Purchaser or its Representatives (as defined in Section 6 below) will prepare the first draft of the Definitive Agreement.
3. **Deposit.** Upon completion of the due diligence period, if the Purchaser is satisfied with its due diligence investigation and review of the Vendor, within three business days after the Purchaser has notified the Vendor in writing of satisfactory completion of its due diligence, the Purchaser will pay a US\$1,000,000 deposit (the “**Deposit**”) to the Purchaser’s lawyer to be held in escrow. If the Definitive Agreement is executed and delivered by all parties thereunder, the Deposit will be applied towards payment of the Purchase Price. If the Proposed Transaction is not completed, or if the Definitive Agreement is not executed and delivered, within 30 days after payment of the Deposit, then the Deposit will be promptly returned to the Purchaser upon demand of the Purchaser.
4. **Definitive Agreement.** The Definitive Agreement will be of the type and contain covenants, representations and warranties, indemnities, terms, and conditions typical of such a transaction. Among other things, the Definitive Agreement will provide that closing of the Proposed Transaction will not occur unless: (i) the Purchaser has completed a due diligence investigation and review of the Assets and of the Business; (ii) there has been no material adverse change to the Business, the Assets, or the prospects for the Business prior to the Closing Date; and (iii) all necessary third party consents to the transfer of any of the Assets have been obtained. In addition, the Definitive Agreement will contain (a) non-competition covenants by the Vendor and its significant shareholders and certain employees in favour of the Purchaser and (b) a non-solicitation clause by the Vendor and its significant shareholders and certain employees in favour of the Purchaser (in either case, for a period of five years, and such shareholders and employees are to be determined during the course of due diligence).
5. **Effect of this Letter.** Sections 1, 2, 3, and 4 of this letter represent the mutual understanding of the Purchaser and the Vendor with respect to the Proposed Transaction and are not intended to and do not constitute a legally binding obligation of the Purchaser to purchase the Vendor’s Assets or the Business. The parties acknowledge and confirm that until the Definitive Agreement is signed, there are no legally binding obligations between the Purchaser and the Vendor relating to the Proposed Transaction, whether set out in this letter or otherwise, except for the obligations set out in Sections 5 through 16

(inclusive), which for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, are and shall remain legally binding on the Purchaser and the Vendor, subject to Section 12.

6. **Due Diligence.** Until the Closing Date, the Vendor shall give the Purchaser and Representatives of the Purchaser access to, and shall make available to them for inspection and review, the Assets and all books of account, audit work, papers, business and financial records, leases, licenses, agreements, and other documents of or relating to the Business, the Assets, or the Vendor that the Purchaser or its Representatives reasonably consider to be necessary or advisable. The Vendor shall make its auditor, legal counsel, and other Representatives of the Vendor available for consultation and verification of any information so obtained.

“**Representatives**”, as used in this letter, means agents, directors, officers, employees, consultants, representatives, and advisors.

7. **Exclusive Dealing.** The Vendor acknowledges that the due diligence investigation and review contemplated by this letter will involve the expenditure of substantial time and money by the Purchaser. The Vendor shall immediately suspend and cease any negotiations or other discussions or communications of any nature with any other party concerning any Alternative Transaction (as defined below). During the period from the date this letter is signed by the Purchaser until the earlier of (i) 120 days from the date this letter is signed by both parties or (ii) the date the Definitive Agreement is signed by the parties (the “**Exclusivity Period**”), neither the Vendor nor any of its Representatives or controlling shareholders shall directly or indirectly in any manner (a) entertain, solicit, or encourage, (b) furnish or cause to be furnished any information to any persons or entities (other than the Purchaser or its Representatives) in connection with, or (c) negotiate or otherwise pursue, any proposal or discussions for or in connection with any equity or debt investment in the Vendor or any possible sale of the Business, no matter how structured, including without limitation by sale of all or any significant or controlling part of the shares of the Vendor, by sale or license of all or any significant part of the Assets, or by any merger or other business combination involving the Vendor or otherwise (each of the foregoing proposals or discussions, whether written or oral, an “**Alternative Transaction**”). The Vendor shall immediately notify the Purchaser in writing of (i) the receipt during the Exclusivity Period of any proposal for an Alternative Transaction or any requests for any information relating to the Vendor, the Business, or the Assets or for access to the properties, books, or records of the Vendor by any person or entity which has informed the Vendor that such person or entity is considering making, or has made, a proposal for an Alternative Transaction and (ii) the terms of any such Alternative Transaction. The Vendor shall be responsible for any breach by its Representatives or controlling shareholders of any of the provisions of this Section 7.
8. **Standstill.** Notwithstanding the occurrence of any event of default under any loan agreement, debenture, promissory note, convertible loan agreement, share rights or other provisions of the articles of the Vendor, shareholders’ agreements, or similar instruments or documents, none of the Vendor, Istuary Group Holdings Ltd., Istuary Toronto Innovation Fund I Limited Partnership (via its general partner Istuary Toronto Capital

Inc.), Istuary Innovation Fund I Limited Partnership (via its general partner Istuary Investment Management Inc.), Istuary Innovation Fund II, L.P. (via its general partner Istuary Investment Group LLP), Istuary Innovation Fund II Limited Partnership (via its general partner Istuary Investment Management Inc.), Istuary Innovation Fund III Limited Partnership (via its general partner Istuary Investment Management Inc.), Istuary Platinum Fund III Limited Partnership (via its general partner Istuary Investment Management Inc.), 1130489 B.C. Ltd., and Yian (Ethan) Sun (collectively, the “**Potential Claimants**”), acting singly or jointly with others, shall take any action against the Assets or commence any action or proceedings (or initiate any bankruptcy or insolvency proceedings) against the Vendor or the Assets during the Exclusivity Period, unless the prior written consent of the Purchaser has been obtained.

9. **Public Announcement.** Neither the Purchaser nor the Vendor shall make any public announcement concerning the Proposed Transaction or related negotiations without the other party’s prior written approval, except as may be required by law. If such an announcement is required by law, the party required to make the announcement shall inform the other party of the contents of the announcement proposed to be made and shall use its reasonable efforts to obtain the other party’s approval for the announcement, which approval may not be unreasonably withheld.
10. **Expenses.** Each of the Purchaser and the Vendor shall be responsible for and bear all of its own costs and expenses incurred in connection with the Proposed Transaction, including any broker’s or finder’s fees and expenses of their respective Representatives, incurred at any time in connection with pursuing or consummating the Proposed Transaction.
11. **Assignment.** Neither party shall assign any of its rights and obligations provided for or referred to in this letter without the prior written consent of the other party, except for assignment by the Purchaser to an affiliate.
12. **Termination.** Sections 7, 8, 9, 10, 12, 13, 14, 15, and 16 shall survive termination of this letter. Other than Sections 7, 8, 9, 10, 12, 13, 14, 15, and 16, this letter shall terminate without liability on the earliest of: (a) the date the Definitive Agreement is signed by the parties; (b) the date following the Exclusivity Period that a party provides written notice to the other party terminating negotiations; and (c) the date the parties mutually agree in writing to terminate negotiations.
13. **Release from Interested Parties.** The Potential Claimants, in order to induce the Purchaser to enter into this letter, each on its own behalf and on behalf of its successors, legal representatives, assigns, officers, directors, employees, agents, servants, limited partners (if applicable), and shareholders (collectively, the “**Releasors**”, and each a “**Releasor**”), upon the execution of the Definitive Agreement by the Purchaser, shall remise, release, and forever discharge (i) the Purchaser and its associates and affiliates (as defined in the *Business Corporations Act* (British Columbia)) and (ii) its and their respective future, present, and former officers, directors, shareholders, servants, agents, employees, counsel, contractors, partners, and representatives and its and their respective predecessors, successors, personal representatives, and assigns (collectively, the

“**Releasees**”, and each a “**Releasee**”) of and from all actions, causes of action, suits, debts, duties, demands, accounts, bonds, covenants, contracts, agreements, demands, proceedings, and claims for injuries, losses, damages, interest, costs, indemnity, fines, penalties, legal and professional fees and assessments, or amounts of any kind whatsoever (including any loss or damage not yet ascertained) that any Releasor ever had, now have, or can, shall, or may hereafter have for or by reason of or in any way arising out of any cause, matter, or thing whatsoever existing up to the present time (collectively, the “**Claims**”). In particular, without in any way limiting the generality of the foregoing, such release shall apply to Claims arising for and by reason of or in any way arising out of any and all claims and demands for moneys advanced; any security interest in the Assets; any rights, title, interest, property, claim or demand on, in, or to the Assets; any rights attached to any shares or other securities of the Vendor; or any salary, wages, bonuses, expenses, retirement or pension allowances, fees, participation in profits or earnings, dividends, or other remuneration or benefits owed to any Releasor, whether authorized or provided for by law, statute, contract, resolution, by-law or otherwise. At the Purchaser’s request, the Vendor shall cause each Releasor to execute and deliver a form of release (acceptable to the Purchaser) to the Purchaser at the time of execution of the Definitive Agreement by the Purchaser.

14. **Potential Claimants.** In order to induce the Purchaser to enter into this letter, and acknowledging the Purchaser is entering into this letter in reliance on the representation and warranty set out herein, the Potential Claimants jointly and severally represent and warrant to the Purchaser, regardless of any independent investigations that the Purchaser has made or may cause to be made, that the Potential Claimants are the only parties which have the right to make any Claim against the Assets or the Vendor. The Potential Claimants jointly and severally agree that they are solely responsible for any Claims made against the Assets or the Vendor except as otherwise expressly set out in the Definitive Agreement and shall indemnify and save the Releasees harmless from and against all losses, damages, expenses, claims, or liabilities suffered or incurred by any Releasee in connection with any Claims made against the Assets or the Vendor or against any Releasee in relation thereto.
15. **Merger / Counterparts.** Any and all prior discussions, understandings, correspondence, and letters heretofore exchanged between the Purchaser and the Vendor (or their respective Representatives) with respect to the subject matter hereof, whether written or oral, are superseded by and merged into this letter, which alone (until the signing of the Definitive Agreement) expresses the current understanding of the parties regarding the Proposed Transaction. This letter may be signed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

- 16. **Governing Law.** This letter shall be exclusively governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

To confirm the foregoing, please sign and return one copy of this letter.

Yours very truly,
JIU FA INVESTMENTS LTD.

Per: _____
 Name:
 Title:

Confirmed this ____ day of October, 2017.

NETWORK INTELLIGENCE INC.

Per: _____
 Name:
 Title:

The undersigned acknowledge, and agree to be bound by, Sections 8, 13, and 14 above:

ISTUARY GROUP HOLDINGS LTD.

**ISTUARY TORONTO INNOVATION
FUND I LIMITED PARTNERSHIP,**
by its general partner
Istuary Toronto Capital Inc.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

**ISTUARY INNOVATION FUND I
LIMITED PARTNERHIP,**
by its general partner
Istuary Investment Management Inc.

**ISTUARY INNOVATION FUND II,
L.P.,**
by its general partner
Istuary Investment Group LLP

Per: _____
Name:
Title:

Per: _____
Name:
Title:

**ISTUARY INNOVATION FUND III
LIMITED PARTNERHIP,**
by its general partner
Istuary Investment Management Inc.

**ISTUARY PLATINUM FUND III
LIMITED PARTNERHIP,**
by its general partner
Istuary Investment Management Inc.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

1130489 B.C. LTD.

Per: _____
Name:
Title:

YIAN (ETHAN) SUN

**ISTUARY INNOVATION FUND III
LIMITED PARTNERHIP,**
by its general partner
Istuary Investment Management Inc.

Per: _____
Name:
Title:

NO. 179749
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

1130489 BC LTD.

PETITIONER

AND:

NETWORK INTELLIGENCE INC.

RESPONDENT

AFFIDAVIT #1 OF XIA ZHANG

DLA PIPER (CANADA) LLP
Barristers & Solicitors
2800 Park Place
666 Burrard Street
Vancouver, BC V6C 2Z7

Tel. No. 604.687.9444
Fax No. 604.687.1612

Client/Matter No. 38201-00001