

This is the 1st Affidavit of Renke Nie
sworn in this matter 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

AFFIDAVIT

I, RENKE NIE, of Qingdao City, Shandong Province, China, MAKE OATH AND SAY AS FOLLOWS:

1. I am a shareholder of 1130489 B.C. Ltd. (“113”), the petitioner herein, and as such have personal knowledge of the matters herein deposed to except were stated to be on information and belief, and where so stated, I verily believe same to be true. I am the primary party who has funded 113 so that it could carry out the transactions referenced here.

Background to 113’s involvement with Network Intelligence

2. In the summer of 2017 (in August, I believe), I was approached by Yi An (“Ethan”) Sun and various parties who indicated that they had made what they called investments in the Respondent, Network Intelligence Inc. (“NI”), but were expressing concern over the financial condition of the company.

3. Specifically, I was advised that there was no revenue and no operating cash, that the principal of the company, Ethan Sun, was having legal and financial difficulties with other companies with which he was affiliated (and who were shareholders of NI), and that employees

of NI were threatening to quit, the effect of which could be the loss of the intellectual technology under development with NI unless they could get urgent new investment.

4. Prior to this time, I was not affiliated with NI in any way – I am neither a creditor nor a shareholder of NI.

5. I was told that the company needed immediate cash for its ongoing operating needs. From my discussions with Ethan Sun and various parties associated with the Istuary group of companies and NI, I understood that from approximately May or June of 2017, Ethan Sun had been repeatedly telling his “investors”, and specifically those associated with NI, that he had a business transaction in China that was in the process of being closed. Once that deal closed, sufficient funds would be generated to be invested into NI to enable NI to continue its research and development through to a final roll out of the technology to the market, which was anticipated to possibly take to the end of 2018, at a cost of approximately \$30M.

6. The development of the technology, as is the case with any technology such as this chip technology, is considered “high risk, high reward”, with the biggest risks being that a competitor could easily, without any notice, beat you to the market with the same technology. It is a race to the finish; In addition, the investment costs could vary and are very formidable, it might take more than 2 or 3 times of tape out tries (each tape out try costs close to \$2M USD) to have a marketable product ready, such that the overall research and development cost might go over the budget by 2 or 3 times, easily.

7. Given that, transactions involving these companies must be done very quickly, as anything that could result in a delay to the ongoing research and development puts the project, and therefore all investment into it, in serious jeopardy.

8. An inability to continue making payments to employees (that being the human capital that is the most important value to the successful development of the technology) and the service providers who physically produce the chip technology once developed, creates a potentially disastrous risk.

NI's First Funding Request

9. After being consulted, 113 was incorporated on August 16, 2017 as the corporate vehicle for any transaction that was going to be undertaken with NI. A true copy of 113's corporate search is attached as **Exhibit "A" (page 1)**.

10. Initially, a transaction was proposed for 113 to purchase 7,000,000 of Istuary Holdings Ltd.'s ("**Istuary Holdings**") shares in NI. However, by late August, 2017 it was clear a share purchase agreement would take too long to arrange and the need for funding was too immediate. Attached as **Exhibit "B" (page 4)** is a true copy of the financial information of NI which had been provided to us showing that, for all intents and purposes, NI was insolvent with over \$7.0M in operating losses as of July 31, 2017, only \$442 cash in the bank, it appearing that \$2.15M in operating capital had been diverted by the Istuary Group as loans to other Istuary companies rather than made available for NI, and close to \$15M shown to be owing on convertible loans

11. I was also told that half of the research and development team had officially resigned, with many of the members traveling to China seeking working opportunities and interviewing with Canadian & US IC design companies such that it was not clear if NI would be able to get the team back, with employees being in the process or having already retained counsel to sue NI, with millions of dollars owing on overdue accounts to critical technology providers, all of which was seriously jeopardizing the value of this project, which was already speculative given the nature of the assets as noted above.

12. However, I had been advised that another unnamed party (who I later learned was Jiu Fa Investments Ltd.) had shown an interest in buying NI, and had already been meeting with NI and its employees for months (I believe since June 2017 and had by this time completed their due diligence), and therefore even if 113 did not enter into an agreement, an agreement could be reached with this party quite quickly to pay out any emergency funding. I was advised that this unnamed party had been asked to provide financing for the cash flow, but had refused to do so. Accordingly, NI asked 113 to provide it.

13. 113 agreed to provide this emergency bridge funding to NI on a very short term basis to cover these urgent requirements, given that the investment as a whole was very fragile

and at risk for the reasons set out above, but still with the following possible successful outcomes to allow it to be immediately re-paid:

- (a) Possible acquisition by 113 of Istuary's Shares in NI;
- (b) Possible investment by Jiu Fa Investments Ltd.;
- (c) Possible closing by Ethan Sun of his business transaction in China, to enable investment into NI; or
- (d) A longer term loan by 113.

14. On or about August 16, 2017, 113 provided to NI a form of Loan and Service Agreement, guaranteed by Istuary Holdings, in the principal amount of \$1.2M (USD) (the "**Share Pledge Loan Agreement**"), by which it would make these urgent advances to 113 for its immediate "working capital purposes", in exchange for certain security and a high rate of interest. Attached as **Exhibit "C" (page 13)** is the Secured Share Pledge Loan Agreement executed August 22, 2017.

15. While the annualized rate of interest was high on its surface, given that Ethan Sun, on behalf of NI, indicated that it would be repaid very quickly, i.e. within a week, the rate was set on the basis that if re-paid within that time frame as promised, the amount of interest realized could hardly cover the actual out of pocket expenses (including all the bank costs for converting funds as investment was coming from China). Specifically, at \$1,200,000 USD, if the loan had been paid out on time, the amount of interest paid would have been only \$11,500 USD (approximately).

16. As security for its guarantee of the Share Pledge Loan Agreement, Istuary Holdings pledged its shares in NI to 113 by way of a Share Pledge Agreement executed August 22, 2017, a true copy of which is attached as **Exhibit "D" (page 22)**.

17. As security for the Share Pledge Loan Agreement, NI executed a written General Security Agreement on August 22, 2017, a true copy of which is attached as **Exhibit "E" (page 29)**, by which it granted security in all of the company's present and after acquired property.

NI's Second Funding Request (and interim advance)

18. By September 5th, 2017, the credit advanced under the Share Pledge Loan Agreement (most advances being for payroll and technology service providers) had matured, and the limit funded since the first advancement made on August 28th, 2017. There was no sign that the outcomes in paragraphs 13(b) or (c) would happen. In the distressed situation that NI was in, specifically the instability of employment morale and confidence, that corporate records seemed to be missing, and Ethan Sun was not present with any consistency, we knew that we could not enter into an agreement in accordance with 13(a) either.

19. By this point, 113 was facing the risk of losing 100% of the Share Pledge Loan Agreement.

20. In addition, I was made aware that Istuary Holdings had provided a written guarantee to Istuary related Venture Capital funds, including Istuary Platinum Fund II LP, and Istuary Platinum Fund III LP, which, because Istuary Holdings was a shareholder in NI, it put NI at risk. These Istuary related Venture Capital funds had either matured, or were set to mature within a month or so. This meant that the NI share pledged by Istuary Holdings to 113 as security for the Share Pledge Loan was also at risk..

21. 113 was getting increasingly concerned with the viability of NI given its financial status, outstanding unsecured debt, and risks to the technology's development, such that a share purchase agreement was not looking like a viable investment opportunity for 113 at all.

22. In order to preserve 113's investment into NI under the Share Pledge Loan, and notwithstanding the impediments, 113 agreed to provide further financing at NI's request, on a more long term basis, to cover NI's operating costs while NI pursued investment/sale opportunities. In particular, NI requested that 113 provide a \$10,000,000 USD credit facility, on more favourable interest rates as are typical with the longer term debt. To prevent NI's value going to Zero, I made up my mind to take the risks of NI's potential failure in the future and decided to continue to fund NI's operations despite that the possible outcomes as noted in paragraphs 13(b) and (c) were not likely to happen.

23. In order to cover immediate cash flow needs while this further operating loan was being negotiated, and at the request of NI, an advance of \$350,000 was made by 113 under a

Promissory Note dated September 12, 2017, a true copy of which is attached as **Exhibit "F"** (page 48), which was noted and agreed to be secured by the GSA.

24. By Convertible Loan Agreement dated September 15, 2017 (the "**Convertible Loan Agreement**"), a true copy of which is attached as **Exhibit "G"** (page 50), 113 agreed to provide a credit facility in the principal amount of \$10,000,000 USD for a one year term to allow NI to sustain its research and development and restructure itself to completion of the project.

25. 113 did, however, have even more concern about the ability to recover under the Convertible Loan Agreement as the financial status of NI (and Ethan Sun and his other company interests) was investigated and more issues determined. Specifically, given the financial issues, 113 had, among others, the following concerns with the viability of this loan:

- (a) whether or not NI's assets and undertaking were in fact worth the amount being financed by 113 given the risks to development, including the potential for loss of employees and service providers who had by now been repeatedly paid late, and were starting to show signs that they would pull their services entirely, which would cause significant delay to development; and
- (b) whether or not the unsecured creditors holding the convertible loans, specifically , Istuary Innovation Fund II Limited Partnership (maturity date August 23, 2017), Istuary Innovation Fund III Limited Partnership (maturity date January 5, 2018), and Istuary Platinum Fund III Limited Partnership (Maturity Date January 5, 2018) would be called upon their maturities, which could interfere with the project.

26. Accordingly, it was a specific condition of the Convertible Loan Agreement that it too be secured by the GSA, and that the convertible loans to Innovation Fund II LP, Innovation Fund III LP, and Istuary Platinum Fund III LP be converted to Shares.

27. Attached as **Exhibit "H"** (page 63), is a copy of an email sent to Ethan Sun, the principal of NI, by 113's representative on September 15, 2017 as to that requirement, and noting the fact that the company was running out of funds and the value of the company was "swiftly going to zero" given that NI had lost nearly half of its team, such that 113 could only put the

further financing in place if the convertible notes were in fact converted. In response, Mr. Sun stated that he agreed with the conversion.

28. Attached as Exhibit "" (page 66), are true copies of the director's resolution of NI approving the loan conversion, special resolution of the shareholders of NI approving the conversions, disclosure of interest form from Yian Sun (being the Chinese name of Ethan Sun) as director of NI, and the Conversion Forms executed by each of Innovation Fund II, Innovation Fund III, and Platinum Fund III to comply with that condition precedent, and the Participation Agreements from each of them.

29. It has been my experience that when working on deals such as this, i.e. raising of financing for capital in the "high risk, high reward" technology sector, it is a typical condition that existing debt be converted to equity, especially if the company is in financial trouble. Investors in technology start up companies are not prepared to risk their financing by the uncertainty of such creditors deciding to pull their support and demand on such loans. Such investors also want the certainty of any convertible loans converted, so that any dilution of equity has occurred prior to the new investment.

30. Nobody really knows with these ventures whether the production and sale of the technology will be successful at the end of the day. In this case, there was a significant risk that even after investing tens of millions of dollars into it, the project could be entirely unsuccessful with no recovery whatsoever, which could happen if a competitor gets the same technology to the market first.

31. If NI did not agree to the conversion, I13 would not have injected any financing whatsoever, and in all likelihood, development would have been halted, employees and service providers permanently lost, and value of the company would have disappeared to zero.

SWORN BEFORE ME in Qingdao City, in Shandong Province of China, this 11th day of December, 2012.

Renke Nie

RENKE NIE

70289771244158
CHENG RAO JIANG
SHAN DONG KING & HIGH SUN
11th FLOOR, NO 55 YAN QING ROAD
QING DAO CITY, SHAN DONG PROVINCE

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PETITIONER

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RESPONDENT

ENDORSEMENT OF INTERPRETER


I, QIUJING DENG, of Qingdao City, in
Shandong Province of China, interpreter, CERTIFY THAT:

I have knowledge of the English and Mandarin languages and I am competent to interpret from one to the other.

I am advised by Renke Nie ("Mr. Nie") and verily believe that he understands the Mandarin language.


Before the Affidavit on which this endorsement appears was made by Mr. Nie, I correctly interpreted it for him from the English language into the Mandarin language and Mr. Nie appeared to fully understand the contents.

DATED at the City of Vancouver in the Province of British Columbia,
day of December, 2017.

QIUJING DENG 
Name:



This is Exhibit "A" referred to in the affidavit of Renke Nie sworn before me at Qindao City, in the Shandong Province of China, this 11th day of December 2017

 执业证号: 13702199/10344158

A Notary Public in and for the Shandong Province

山东烟台福泰律师事务所
中国山东省烟台市福山区福泰路11号





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

02

BC Company Summary

For
1130489 B.C. LTD.

Date and Time of Search: December 07, 2017 05:01 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

03

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 "B" referred to in the affidavit of Renke
 Nie sworn before me at Qindao City, in the Shandong
 Province of China, this 11th day of December 2017
 A Notary Public in and for the Shandong Province

[Handwritten signature]
 13702189710344158

[Handwritten Chinese text]
 中国山东省烟台福泰国际大厦



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

05

	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.
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
		<u>(6,567,651)</u>
Retained earnings		1,264,380
		<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.

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
	2,148,347

2. Equipment, net

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

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
	\$
Controllor 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 - NDILA-16NTWK-01	1,894,556
Physical Design - Uniquify IP	3,172,804
Intangible assets purchased	7,468,525
Internally developed intangible assets	7,438,971
	14,907,497

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
	1,631,480

	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

5. Due from (to) related parties

	As of July 31, 2017	Notes
	\$	
Due from Istuary Venture Capital Inc	653,670	US Fund II LP Investment 533500 Share
Due from Istuary Group Holdings Ltd	82,022	Interest receivable from historical Loan F
Due to Istuary Group Holdings	(241,281)	Group Holding's payment to vendors on
Due to Istuary Innovation Toronto	(667,607)	Overhead Allocation charged by Innovat
Due to Istuary Big Computing Inc.	20,395	Payroll adjustment carried from 2016 M
	(152,801)	

	As of July 31, 2017	USD equivalent
6. Convertible loans		
	\$	\$
Istuary Innovation Fund II LP	9,596,386	7,381,836
Istuary Innovation Fund III LP	467,250	354,000
Istuary Platinum Fund III LP	4,845,656	3,615,998
	14,909,292	11,351,834

	As of July 31, 2017
7. Common Shares	\$
Istuary Group Holdings Ltd (founding shareholder)	7
Tao Zhong (founding shareholder)	-
Alex Liu (founding employee)	8,014
Yong Zou	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	2,500,000
Istuary Innovation Fund II LP (LA)	1,053,600	800,000
Istuary Toronto Innovation Fund I LP	3,272,500	2,500,000
	7,824,010	5,800,000

	From inception to July 31, 2017
9. General and administrative expenses	\$
Management fees and overhead	4,567,821
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)	<u>(7,438,971)</u>
Net Payroll expense	826,552
Employee benefits	250,509
Amortization expenses	589,037
Other expenses	737,310
	<u>2,403,408</u>

s of \$800k USD by Istuary Venture Capital, minus a fund transfer of \$300k USD
receivable from Group Holdings
behalf of NI
ion Toronto
rch & April

This is Exhibit "C" referred to in the affidavit of Renke
 Nie sworn before me at Qindao City, in the Shandong
 Province of China, this 11th day of December 2017
 [Signature] 身份证号: 13702199710344108
 A Notary Public in and for the Shandong Province

山东锦海律师事务所律师
 中国山东省青岛市即墨区青阳路40号福泰国际大厦11楼



LOAN AND SERVICE AGREEMENT

THIS AGREEMENT dated as of this 22nd day of August, 2017.

BETWEEN:

1130489 B.C. LTD., a British Columbia company having an address at 75 Tiverton Court, Markham, Ontario L3R 4M8

(the "Lender")

AND:

NETWORK INTELLIGENCE INC., a British Columbia company having an address at 8th Floor, 1125 Howe Street, Vancouver, British Columbia V6Z 2K8

(the "Borrower")

AND:

ISTUARY GROUP HOLDINGS LTD., a British Columbia company having an address at 8th Floor, 1125 Howe Street, Vancouver, British Columbia V6Z 2K8

(the "Guarantor")

WHEREAS:

- A. The Borrower and the Guarantor have requested that the Lender loan to the Borrower the sum of ONE MILLION TWO HUNDRED THOUSAND U.S. DOLLARS (US\$1,200,000.00) (the "Loan") on the terms and conditions specified in this Agreement.
- B. The Lender has agreed to provide the Loan to the Borrower upon and subject to the terms and conditions contained herein.

IN CONSIDERATION of the Lender making the Loan and the covenants and agreements contained in this Agreement, the parties agree as follows:

1. The Loan

1.1 The Lender agrees to lend to the Borrower, and the Borrower agrees to borrow from the Lender, by way of one or more advances from time to time, the Loan, up to an aggregate maximum principal amount (for all advances) of US\$1,200,000, upon the terms and conditions contained herein.

1.2 Advances shall be based on written requests submitted by the Borrower to the Lender with material supporting information. The Lender will use its commercially reasonable efforts to confirm or decline each such request within two (2) Business Days ("**Business Day**" means a day which is not a Saturday, Sunday or statutory holiday in British Columbia, or Ontario, Canada) of receipt of a request, together with all material supporting information, from the Borrower.

2. **Use of Funds**

2.1 The Borrower may use the proceeds of the Loan for the working capital purposes of the Borrower.

3. **Interest**

3.1 The Loan shall accrue interest from the date hereof up to the date of full repayment of the Loan at a rate of 50.0% per annum compounded annually.

4. **Repayment**

4.1 The Loan, together with all accrued and unpaid interest, shall become due and be paid in full on the date that is seven (7) days after the first advance (the "Repayment Date"). The term of the Loan is the period commencing as of the Advance Date and ending on the Repayment Date (the "Term").

5. **Prepayment**

5.1 The Borrower acknowledges and agrees that the Loan is a closed term loan during the Term and the Borrower may not repay the Loan during the Term.

6. **Fees and Costs**

6.1 The Borrower shall pay all of the Lender's costs, including Lender's fee, broker commission, solicitor's fees and disbursements, for the preparation of this Agreement, registration of the security for the Loan. On default, the Borrower shall pay all costs, charges and expenses of the Lender in enforcing this Agreement, including solicitor and client costs. All such costs and expenses shall be payable on demand.

7. **Manner of Payments**

7.1 All payments to be made by the Borrower to the Lender under this Agreement shall be in United States funds and made to the Lender by wire transfer, cheque, direct deposit or bank draft in immediately available funds to such account or accounts of the Lender as the Lender may direct from time to time.

8. **Security**

8.1 The Borrower shall grant, or otherwise provide, to the Lender as security for repayment of the Loan the following security, all in form and substance satisfactory to the Lender (the "Security"):

- (a) a general security agreement from the Borrower in favour of the Lender creating a security interest in all of the Borrower's present and after-acquired personal property and all proceeds of that property (the "GSA");
- (b) a share pledge agreement from the Guarantor pledging in favour of the Lender all shares in the capital of the Borrower registered in the name of the Guarantor (the "Share Pledge Agreement");
- (c) a guarantee executed by the Guarantor (the "Guarantee"); and

- 3 -

- (d) such further security as the Lender may require of the Borrower and/or the Guarantor from time to time to secure the Loan.

9. Conditions Precedent

9.1 The obligation of the Lender to provide the Loan, including any advance under the Loan, is conditional upon:

- (a) the receipt by the Lender of a copy of the GSA, duly executed by the Borrower;
- (b) the receipt by the Lender of a copy of the Share Pledge Agreement, duly executed by the Guarantor;
- (c) the receipt by the Lender of a copy of the Guarantee, duly executed by the Guarantor;
- (d) the receipt by the Lender of all other documents and instruments as required by the Lender and its legal counsel in connection with the matters set out in this Agreement; and
- (e) at the time of any advance, the Borrower and the Guarantor being in compliance with their respective obligations under this Agreement, the GSA, the Share Pledge Agreement and the Guarantee.

10. Representations and Warranties

10.1 The Borrower hereby represents and warrants to the Lender that:

- (a) the Borrower has the legal right and capacity to enter into this Agreement and carry out the transactions contemplated hereby;
- (b) the Borrower is in compliance with all necessary legal requirements with respect to the borrowing of the Loan and the execution and delivery of the Security;
- (c) to its knowledge, there are no actions, suits or proceedings, pending or threatened against or affecting, or which could affect, the Borrower or its assets or on behalf of any government authority or otherwise; and
- (d) the Borrower has disclosed all material facts with respect to the transactions contemplated hereby, and that all financial information or otherwise provided by it to the Lender in connection with the Loan is complete and accurate, and the Borrower acknowledges that the Lender is making the Loan available to the Borrower in reliance on the truth, completeness and accuracy of this information and the representations and warranties contained in this Agreement.

11. Covenants and Agreements

11.1 The Borrower covenants and agrees with the Lender that the Borrower shall:

- (a) while any part of the Loan is outstanding, do all such acts and things necessary to ensure that all of the representations and warranties of the Borrower remain true and correct;

- (b) immediately notify the Lender in writing should an event of default as provided for in section 12.1 occur;
- (c) pay duly and punctually all amounts due hereunder;
- (d) not sign any credit agreement without the prior written consent of the Lender; and
- (e) not create, incur, suffer to exist, assume, guaranty, endorse, become a surety, or otherwise become liable for the debt or other obligations of any other person whether directly or indirectly, or make or incur any other obligation or loan.

11.2 The Guarantor covenants and agrees with the Lender that the Guarantor shall:

- (a) pay duly and punctually all amounts due hereunder; and
- (b) observe and perform all the covenants, provisos, conditions and agreements of the Borrower contained herein.

12. Events of Default

12.1 Each of the following, unless waived by the Lender in writing, shall be an event of default under this Agreement and, upon the occurrence of an event of default, the obligations of the Lender hereunder shall terminate forthwith and the Loan and any other amounts outstanding hereunder shall become immediately repayable without demand:

- (a) a default at any time of payment of the Loan when due;
- (b) a breach by the Borrower of any other covenant or agreement herein contained or any other document or instrument executed by the Borrower in favour of the Lender or to which the Lender is a party to;
- (c) a breach by the Guarantor of covenant or agreement herein contained or any other document or instrument executed by the Guarantor in favour of the Lender or to which the Lender is a party to;
- (d) the Borrower makes or threatens to make an assignment for the benefit of its creditors, is declared bankrupt, makes or threatens a proposal or otherwise takes or threatens to take advantage of provisions for relief under any bankruptcy or insolvency legislation;
- (e) a receiver, receiver and manager or receiver/manager is appointed for all or any part of the property and assets of the Borrower;
- (f) an order of execution against the property and assets of the Borrower, or any part thereof, remains unsatisfied for a period of 10 days;
- (g) any representation or warranty, whether or not contained herein, by or on behalf of the Borrower to the Lender is untrue in any material respect; or
- (h) any representation or warranty, whether or not contained herein, by or on behalf of the Guarantor to the Lender is untrue in any material respect.

13. Services

- 13.1 During the Term, the Lender will provide the following services to the Borrower (the "Services"):
- (a) arranging for and implementing payment of trade payables and other operating costs of the Borrower, on behalf of the Borrower;
 - (b) assisting the Borrower in identifying other potential sources of financing; and
 - (c) providing the Borrower with consulting services in respect of the Borrower's financial restructuring, cost restructuring and overall business strategy.
- 13.2 In consideration of the Lender's Services, the Borrower shall pay to the Lender, at the expiry of the Term, fees of US\$55,000.00 (the "Service Fees").
- 13.3 The Borrower shall reimburse the Lender for pre-approved expenses ("Expenses") reasonably incurred by the Lender in the course of rendering the Services.
- 13.4 The Borrower will pay all applicable sales taxes (excluding income tax payable by the Lender) required by law or governmental authority relating to the Services.
- 13.5 Notwithstanding anything to the contrary contained in this Agreement, the aggregate liability of the Lender, its directors, officers and employees under this Agreement, including liability for errors, omissions or negligence and breach of contract, shall be limited to the Service Fees paid to the Lender under this Agreement and any such liability shall expire one year from the last performance by the Lender of Services.

14. General

- 14.1 Time shall be of the essence of this Agreement.
- 14.2 No alteration, amendment or modification of this Agreement or any provision of this Agreement shall be valid and binding upon the parties hereto unless such alteration, amendment or modification is in writing executed by the parties.
- 14.3 No waiver or delay on the part of the Lender in exercising any right or privilege hereunder and no waiver as to any event of default hereunder shall operate as a waiver thereof unless made in writing and signed by the Lender. No written waiver shall preclude the further or other exercise by the Lender of any right, power or privilege hereunder or extend to or apply to any further event of default.
- 14.4 The parties hereto shall execute and deliver all such further documents and instruments and do all such acts and things as any party may reasonably require in order to carry out the full intent and meaning of this Agreement.
- 14.5 Any demand, notice or other communication (each a "Communication") to be made or given hereunder shall be in writing and, in order to be effectively given, shall be made or given by personal delivery or by prepaid registered mail to the address of the respective party set forth on the first page of this Agreement, with a copy all Communications made or given to the Lender to be provided to:

Lawson Lundell LLP
Suite 1600 – 925 West Georgia Street
Vancouver, B.C. V6C 3L2

Attention: Jack Yong
Fax: (604) 669-1620

Either party may from time to time notify the other party hereto in accordance with this section 14.5 of any change of address which thereafter, until changed by like notice, shall be the address of such party for all purposes under this Agreement. Any Communication made or given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof. Any Communication made or given by prepaid registered mail shall be conclusively deemed to have been given on the fifth Business Day after which it is mailed. For the purposes of this section 14.5, "Business Day" shall mean any day other than a Saturday, Sunday or statutory holiday in the Province of British Columbia.

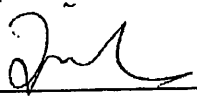
- 14.6 This Agreement shall be subject to, governed by, and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.
- 14.7 In the event any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained in this Agreement shall not in any way be affected or impaired thereby, and any such invalid, illegal or unenforceable provision shall be deemed to be severable.
- 14.8 This Agreement shall be binding upon and shall enure to the benefit of the Borrower and the Lender and their respective heirs, executors, administrators, estate trustees, trustees, personal or legal representatives, successors and assigns provided that the Borrower shall not assign any of its rights or obligations hereunder without the prior written consent of the Lender.
- 14.9 This Agreement may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more additional signature pages.
- 14.10 This Agreement may be executed by the parties and transmitted by email, facsimile or other functionally equivalent electronic means and if so executed and transmitted, this Agreement will be for all purposes as effective as if the parties had executed and delivered an original Agreement.

[signature pages follow]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the date first set forth above.

1130489 B.C. LTD.

Per:



Authorized Signatory

NETWORK INTELLIGENCE INC.

Per:

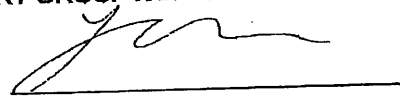


Authorized Signatory

[Lender and Borrower's signature page of Loan Agreement]

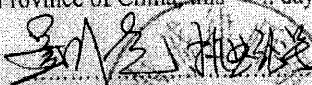
ISTUARY GROUP HOLDINGS LTD.

Per:

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

Authorized Signatory

[Guarantor's signature page of Loan Agreement]

This is Exhibit "D" referred to in the affidavit of Renke
 Nie sworn before me at Qindao City, in the Shandong
 Province of China, this ^{11th} day of December 2017

 A Notary Public in and for the Shandong Province

13702199710344158

中国山东省青岛市市南区香港中路10号福泰国际大厦11楼



SHARE PLEDGE AGREEMENT

This Share Pledge Agreement dated for reference August 22nd, 2017, made by **ISTUARY GROUP HOLDINGS LTD.** (the "Pledgor") to and in favour of **1130489 B.C. LTD.** (the "Secured Party").

WHEREAS:

- A. The Pledgor is as at the date hereof the holder of 7,000,000 Common shares (collectively, the "Shares") in the capital of **NETWORK INTELLIGENCE INC.** (the "Company").
- B. The Company, together with the Pledgor, has entered into a loan agreement dated August 22, 2017 with the Secured Party, as lender (the "Loan Agreement"), pursuant to which the Secured Party has agreed to make available to the Company a loan in the principal amount of US\$1,200,000 (the "Loan"), subject to certain terms and conditions.
- C. As a condition of the Loan, and as security for the repayment of the Loan and the performance by the Company of all of its covenants and obligations under the Loan Agreement and related security (collectively, the "Obligations"), the Secured Party requires and the Pledgor has agreed to execute and deliver this Share Pledge Agreement together with the original share certificates representing the pledged Shares (the "Certificates") and an executed instrument of transfer in respect thereof, to and in favour of the Secured Party.

NOW THEREFORE WITNESSES that in consideration of these premises, the sum of \$1.00 now paid by the Secured Party to the Pledgor and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Pledgor, the Pledgor covenants, declares and agrees as follows:

1. **Pledge of Shares.** The Pledgor hereby assigns, mortgages, charges, hypothecates and pledges to and deposits with the Secured Party, and grants to the Secured Party a security interest in, the Shares and the Certificates together with all replacements thereof, substitutions therefor, accretions thereto, interest thereon and proceeds thereof, to be held by the Secured Party, as general and continuing collateral security for the payment and performance of the Obligations.
2. **Delivery of Certificates.** The Certificates (together with an executed instrument of transfer in respect thereof) shall forthwith be delivered to and remain in the custody of the Secured Party or its nominee. Upon the occurrence of a default or event of default under the Loan, the Loan Agreement or any related security, any or all Shares may, at the option of the Secured Party, be registered in the name of the Secured Party or its nominee and the Pledgor covenants to deliver such documents with respect to the Shares as the Secured Party or its nominee may reasonably from time to time request, satisfactory in form and substance to the Secured Party. If the charter documents of the Company or any other agreement to which the Pledgor is a party, restrict the transfer of the Shares, then the Pledgor shall also deliver to the Secured Party a certified copy of a resolution of the directors or shareholders of the Company consenting to the transfer(s) contemplated by this Share Pledge Agreement or such other documentation and consents as may be required to effect the transfer(s) contemplated by this Share Pledge Agreement.
3. **Realization of the Shares.** Upon the failure of the Company or the Pledgor to pay or perform any of the Obligations when due and payable or to be performed or upon the occurrence of any other default or event of default under the Loan, the Loan Agreement or any related security, as the case

may be, and the expiry of any applicable cured period, the Secured Party or its agent may realize upon or otherwise deal with or dispose of the Shares by sale, transfer or delivery or exercise and enforce all rights and remedies of a holder of the Shares as if the Secured Party were absolute owner thereof, without notice to or control by the Pledgor, and all formalities prescribed by law are hereby waived. Any such remedy may be exercised separately or in combination and shall be in addition to and not in substitution for any other rights the Secured Party may have, however created, provided that the Secured Party shall not be bound to exercise any such right or remedy. The Secured Party shall not be bound under any circumstances to realize upon the Shares and neither the Secured Party nor its agents shall be responsible for any loss occasioned by any sale or other dealing with the Shares permitted by and made in accordance with law, or by the retention of or delay or failure to sell or otherwise deal with or dispose of the Shares.

4. **Power of Attorney.** The Pledgor hereby authorizes and empowers the Secured Party or any agent thereof as attorney to sign any transfer or other document necessary to complete the transfer of any of the Shares. The Secured Party may grant time for payment or any other indulgence, take and give up securities, and may grant releases and discharges and otherwise deal with the Pledgor and with any other persons and the Shares and Certificates as the Secured Party or any agent thereof may see fit without liability to the Pledgor for any loss thereby occasioned to the Pledgor. So long as any amount remains unpaid in respect of the Obligations, the Pledgor hereby irrevocably appoints the Secured Party or any officer thereof as its attorney in the name of the Pledgor but for the use and benefit of the Secured Party, to do all such acts and take all such proceedings as the Secured Party may from time to time think advisable to realize upon the Shares in accordance with the terms hereof and to enforce the rights hereby assigned and obtain possession of and realize upon the property hereby assigned.

5. **Dealing with the Shares and the Lien hereof.** The Secured Party shall not be obliged to exhaust its recourse against the Pledgor or any other persons or against any other security it may hold in respect of the Obligations before the Secured Party may realize upon or otherwise deal with the Shares or Certificates in such manner as the Secured Party may consider desirable. The Secured Party may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Pledgor and with other parties, sureties or securities as it may see fit without prejudice to the Obligations or the rights of the Secured Party in respect of this Share Pledge Agreement.

6. **Costs of Realization.** All costs and charges incurred by or on behalf of the Secured Party with reference to the Shares or the realization thereof (including all reasonable legal fees and disbursements, on a solicitor and own client basis, all court costs and expenses of taking possession of, protecting and realizing upon the security constituted by the Shares and the costs and charges in connection with realizing, collecting, selling, transferring, delivering or obtaining payment of the Shares) shall be added to and form a part of the Obligations and shall be a first charge upon the proceeds of any such realization, collection, sale, transfer, delivery or obtaining of payment.

7. **Application of Moneys.** Any proceeds of the Shares may be held in lieu of Shares realized upon and may, as and when the Secured Party sees fit, be applied or appropriated as the Secured Party may elect on account of the Obligations and the balance, if any, shall be paid to the Pledgor or as a court of competent jurisdiction may direct. If there shall be a deficiency, then, the Pledgor shall remain liable for such deficiency and shall pay the amount of such deficiency to the Secured Party forthwith.

8. **Share Rights.** Until such time, if ever, as this Share Pledge Agreement shall be discharged and the Shares and Certificates released to the Pledgor, the Secured Party shall be entitled to exercise any and all voting rights and other consensual rights pertaining to the Shares pledged under this Agreement, and receive and enjoy any dividends or other distributions made on or in respect of the Shares and to exercise all option, conversion, voting or other like rights attaching thereto.

9. **Payment.** Upon satisfaction of the Obligations, the Secured Party shall release the Shares and the Certificates to the Pledgor.

10. **No Merger, etc.** This Share Pledge Agreement shall not operate by way of merger of any of the Obligations and no judgment recovered by the Secured Party shall operate by way of merger of or in any way affect the security of the Shares and Certificates.

11. **Supplemental Security.** This Share Pledge Agreement and the Shares and Certificates are in addition, without prejudice, and supplemental to and not in substitution for any other security held or which may hereafter be held by the Secured Party.

12. **Further Assurances.** The Pledgor shall from time to time, whether before or after the Secured Party makes a demand for payment of the Obligations, do all such acts and things and execute and deliver all such deeds, transfers, assignments and instruments as the Secured Party may require for perfecting the security constituted hereby or by the Shares, for facilitating the sale of or exercise by the Secured Party of rights under the Shares in connection with any realization thereof and for exercising all powers, authorities and discretions hereby conferred upon the Secured Party.

13. **Headings, etc.** The division of this Share Pledge Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation hereof.

14. **Governing Law.** This Share Pledge Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and shall be treated in all respects as a British Columbia contract.

15. **Successors, etc.** This Share Pledge Agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Pledgor and its successors and permitted assigns. All rights of the Secured Party hereunder shall be assignable.

16. **Severability.** The invalidity or unenforceability of any provision of this Share Pledge Agreement shall not affect the validity or enforceability of any other provision hereof and any such invalid or unenforceable provision shall be deemed to be severable from the other provisions hereof.

17. **Notices.** Any notices permitted or required hereunder shall be delivered:

If to the Pledgor to:

Istuary Group Holdings Ltd.
8th Floor, 1125 Howe Street
Vancouver, British Columbia, V6Z 2K8

Attention: Yian Sun

If to the Secured Party to:

1130489 B.C. Ltd.
75 Tiverton Court
Markham, Ontario, L3R 4M8

Attention: Lixin Wang

18. Incorporation of Schedules. Schedule A hereto shall, for all purposes hereof, form an integral part of this Share Pledge Agreement.

19. Acknowledgement of Receipt/Waiver. The Pledgor acknowledges receipt of an executed copy of this Share Pledge Agreement and expressly waives the right to receive a copy of any financing statement or confirmation statement or financing change statement which may be registered by or on behalf of the Secured Party in connection with this Share Pledge Agreement or any verification statement issued with respect thereto, where such waiver is not otherwise prohibited by law.

IN WITNESS WHEREOF the Pledgor has duly executed this Share Pledge Agreement as of the day and year set out below.

Dated as of the date first above written.

ISTUARY GROUP HOLDINGS LTD.:

Per: _____

Authorized Signatory

SCHEDULE A**SHARES OWNED BY THE PLEDGOR**

<i>Pledged Entity</i>	<i>Class of Shares</i>	<i>Share Certificate No.</i>	<i>Number of Shares</i>
Network Intelligence Inc.	Common	C-4	7,000,000

INSTRUMENT OF TRANSFER

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto
1130489 B.C. Ltd., 7,000,000 Common shares issued in the
name of the undersigned on the books of **NETWORK INTELLIGENCE INC.** (the
"Company") represented by share certificate number C-4.

DATED the 22 day of August, 2017.

ISTUARY GROUP HOLDINGS LTD.

Per: 

Authorized Signatory

This is Exhibit "E" referred to in the affidavit of Renke
 Nie sworn before me at Qingdao City, in the Shandong
 Province of China, this ^{11th} day of December 2017
 [Signature]
 A Notary Public in and for the Shandong Province

山东锦海盛律师事务所
 中国山东青岛市即墨区青江路10号福泰国际大厦11楼



GENERAL SECURITY AGREEMENT

THIS SECURITY AGREEMENT made as of this 22nd day of August, 2017.

FROM:

NETWORK INTELLIGENCE INC., a British Columbia company
having an address at 8th Floor, 1125 Howe Street, Vancouver,
British Columbia V6Z 2K8

(the "Debtor")

TO:

1130489 B.C. LTD., a British Columbia company having an
address at 75 Tiverton Court, Markham, Ontario LR3 4M8

(the "Secured Party")

FOR VALUE RECEIVED, the Debtor covenants, agrees, warrants, represents, acknowledges and confirms to and with the Secured Party and creates and grants the mortgages, charges, transfers, assignments and security interests as follows:

1. SECURITY INTEREST

As security for the payment and performance of the Obligations (as defined in paragraph 3), the Debtor, subject to the exceptions set out in paragraph 2, does:

1.1 Grant to the Secured Party a security interest in, and mortgages, charges, transfers and assigns absolutely, all of the Debtor's present and after-acquired personal property, and all personal property in which the Debtor has rights, of whatever nature or kind and wherever situate, including, without limitation, all of the following now owned or in future owned or acquired by or on behalf of the Debtor:

- (a) all goods, including:
 - (i) all inventory of whatever kind and wherever situate, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in progress, finished goods, returned goods, repossessed goods, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (collectively the "Inventory");
 - (ii) all equipment of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, fixtures, furniture, furnishings, chattels, motor vehicles, vessels and other tangible personal property of whatever nature or kind (collectively the "Equipment");

- (b) all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action and demands of every nature and kind however arising or secured including letters of credit and advices of credit, which are now due, owing or accruing, or growing due to, or owned by, or which may in future become due, owing or accruing, or growing due to, or owned by the Debtor (the "Accounts");
- (c) all contractual rights, insurance claims, licences, goodwill, patents, trademarks, trade names, copyrights and other industrial or intellectual property of the Debtor or in which the Debtor has an interest, all other choses in action of the Debtor of every kind which now are, or which may in future be, due or owing to or owned by the Debtor, and all other intangible property of the Debtor which is not Accounts, Chattel Paper, Instruments, Documents of Title, Securities or Money;
- (d) all Money;
- (e) all property described in any schedule now or at any time in future annexed to this Agreement or agreed to form part of this Agreement;
- (f) the undertaking of the Debtor;
- (g) all Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles and Securities now owned or in future owned or acquired by or on behalf of the Debtor (including those returned to or repossessed by the Debtor) and all other goods of the Debtor that are not Equipment, Inventory or Accounts;
- (h) all proceeds, renewals and accretions, and substitutions of any of the foregoing; and
- (i) all deeds, documents, writings, papers, books of account and other books and electronically recorded data relating to any of the foregoing or by which any of the foregoing is or may in future be secured, evidenced, acknowledged or made payable.

1.2 Charge as and by way of a floating charge to and in favour of the Secured Party, and grant to the Secured Party a security interest, mortgage and charge in and to:

- (a) all the Debtor's right, title and interest in and to all its presently owned or held and after acquired or held real, immovable and leasehold property and all interests therein, and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected therewith or appurtenant thereto or separately owned or held, including all structures, plant and other fixtures (collectively "Real Property"); and
- (b) all property, assets and undertakings of the Debtor, both present and future, of whatever nature or kind and wherever situate, and all Proceeds thereof and therefrom,

other than any of its property, assets and undertakings otherwise validly and effectively subject to the charges and security interests in favour of the Secured Party created under paragraph 1.1

of this Agreement. This charge attaches immediately upon the Debtor acquiring any rights in any of that property.

1.3 Mortgage and charge as and by way of a fixed and specific charge to and in favour of the Secured Party, and assign and transfer to the Secured Party and grant to the Secured Party, by way of mortgage, charge, assignment and transfer, a security interest in all of the Debtor's right, title and interest, both present and future, in and to all of its presently owned or held and after acquired or held property which:

- (a) is or in future becomes a fixture, or
- (b) constitutes a licence, quota, permit or other similar right or benefit, or crops.

1.4 The mortgages, charges, assignments, transfers and security interests created or granted under paragraphs 1.1, 1.2 and 1.3 of this Agreement are collectively called the "**Security Interest**", and all property, assets, interests and undertakings (including Proceeds) subject to the Security Interest or otherwise charged or secured by this Agreement or expressed to be charged, assigned or transferred, or secured by any instruments supplemental to this Agreement or in implementation of this Agreement are collectively called the "**Collateral**".

2. EXCEPTIONS AND DEFINITIONS

The Security Interest granted by this Agreement shall not extend or apply to and the Collateral shall not extend to the last day of the term of any lease or agreement to lease real property, but upon the enforcement of the Security Interest the Debtor shall stand possessed of such last day in trust to assign and dispose thereof as the Secured Party shall direct.

The terms "**Chattel Paper**", "**Document of Title**", "**Equipment**", "**Consumer Goods**", "**Instrument**", "**Intangible**", "**Security**", "**Proceeds**", "**Inventory**", "**Accessions**", "**Money**", "**financing statement**", "**financing change statement**" and "**verification statement**" shall, unless otherwise defined in this Agreement or otherwise required by the context, be interpreted according to their respective meanings as set out in the British Columbia *Personal Property Security Act*, as amended.

Any reference in this Agreement to "**Collateral**" shall, unless the context otherwise requires, be deemed a reference to "**Collateral or any part thereof**". The Collateral shall not include consumer goods of the Debtor.

The term "**Proceeds**", whenever used and interpreted as above, shall by way of example include trade-ins, equipment, cash, bank accounts, notes, chattel paper, goods, contract rights, accounts and any other personal property or obligation received when such collateral or proceeds are sold, exchanged, collected, or otherwise disposed of. The term "**licence**" means any licence or similar right at any time owned or held by the Debtor including without limitation a "**licence**" as defined in the Act, and the meaning of the term "**crops**" whenever used in this Agreement includes but is not limited to "**crops**" as defined in the Act.

3. OBLIGATIONS SECURED

This Agreement and the Security Interest are in addition to and not in substitution for any other security interest now or in future held by the Secured Party from the Debtor or from any other

person and shall be general and continuing security for the payment of all indebtedness and liability of the Debtor to the Secured Party (including interest thereon), present or future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wherever and however incurred, and any ultimate balance thereof, including all advances on current or running account and all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, and whether the Debtor be bound alone or with another or others, and whether as principal or surety, and for the performance and satisfaction of all obligations of the Debtor to the Secured Party, whether or not contained in this Agreement, and whether the Debtor be bound alone or with another or others (all of which indebtedness, liability and obligations are collectively the "Obligations").

4. PROHIBITIONS

Without the prior written consent of the Secured Party, the Debtor shall not and shall not have power to:

- (a) grant, create or permit to be created any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets or undertakings that rank or could rank in priority to or *pari passu* with the Security Interest;
- (b) grant, sell or otherwise assign its Chattel Paper; or
- (c) issue or have outstanding at any time any secured or unsecured bonds, debentures, debenture stock, or other evidences of indebtedness of the Debtor or of any predecessor in title of the Debtor issued under a trust deed or other instrument running in favour of a trustee.

5. ATTACHMENT

The Debtor acknowledges and confirms that:

- (a) there is no intention to delay the time of attachment of the Security Interest created by this Agreement, and the Security Interest shall attach at the earliest time permissible under the laws governing this Agreement;
- (b) value has been given; and
- (c) the Debtor has (or in the case of any after-acquired property, will have at the time of acquisition) rights in the Collateral.

6. REPRESENTATIONS AND WARRANTIES

6.1 The Debtor represents and warrants to the Secured Party that:

- (a) if the Debtor is a company or a partnership, this Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) or of the partners, as the case may be, of the Debtor, and that all other matters and things have been done and performed so as to authorize and

make the execution and delivery of this Agreement, and the performance of the Debtor's obligations hereunder, legal, valid and binding;

- (b) the Debtor lawfully owns and possesses all presently held Collateral and has good title thereto, free from all security interests, charges, encumbrances, liens and claims, save only the charges or security interests, if any, shown in any schedule to this Agreement and those consented to in writing by the Secured Party, and the Debtor has good right and lawful authority to grant a security interest in the Collateral as provided by this Agreement;
- (c) where the Collateral includes Accounts, Chattel Paper or Instruments, each is enforceable in accordance with its terms against the party obligated thereunder, and that the Debtor has fully and accurately disclosed to the Secured Party the amount owing thereunder and any other relevant information concerning liability for payment thereunder;
- (d) for goods constituting Collateral, the Debtor has in this Agreement or elsewhere fully and accurately disclosed to the Secured Party the locations thereof and of the business operations and records of the Debtor.

6.2 All representations and warranties given by the Debtor under a mortgage (the "**Mortgage**") between the Secured Party and the Debtor dated the date of this Agreement shall form representations and warranties of this Agreement and this Agreement shall be read and construed to include such representations and warranties.

7. COVENANTS OF THE DEBTOR

7.1 The Debtor covenants with the Secured Party that at all times while this Agreement remains in effect the Debtor shall:

- (a) defend the title to the Collateral for the benefit of the Secured Party against the claims and demands of all persons;
- (b) fully and effectually maintain and keep maintained the validity and effectiveness of the Security Interest;
- (c) maintain the Collateral in good order and repair;
- (d) forthwith pay:
 - (i) all taxes, assessments, rates, duties, levies, government fees, claims, dues and other charges of every nature that may be lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish such security as the Secured Party may require; and
 - (ii) all security interests, charges, encumbrances, liens and claims that rank or could in any event rank in priority to the Security Interest, other than the charges or security interests, if any, shown in any schedule to this Agreement and those consented to in writing by the Secured Party;

- (e) forthwith reimburse and indemnify the Secured Party for all costs, charges, expenses and legal fees and disbursements that may be incurred by the Secured Party in:
 - (i) inspecting the Collateral;
 - (ii) negotiating, preparing, perfecting and registering this Agreement or notice of it and other documents, whether or not relating to this Agreement;
 - (iii) investigating title to the Collateral;
 - (iv) taking, recovering, keeping possession of and insuring the Collateral; and
 - (v) all other actions and proceedings taken in connection with the preservation of the Collateral and the enforcement of this Agreement and of any other Security Interest held by the Secured Party as security for the Obligations;
- (f) at the Secured Party's request at any time and from time to time, execute and deliver such further and other documents and instruments and do all acts and things as the Secured Party in its absolute discretion requires in order to confirm and perfect, and maintain perfection of, the Security Interest in favour of the Secured Party upon any of the Collateral;
- (g) notify the Secured Party promptly of:
 - (i) any change in the information contained in this Agreement relating to the Debtor, its address, its business, or the Collateral, including without limitation any change of name or address of the Debtor and any change in location of any Collateral;
 - (ii) the details of any material acquisition of Collateral;
 - (iii) any material loss or damage to the Collateral;
 - (iv) any material default by any account debtor in payment or other performance of his or her obligations to the Debtor with respect to any Accounts;
 - (v) the return to or repossession by the Debtor of the Collateral where such return or repossession of the Collateral is material in relation to the business of the Debtor; and
 - (vi) the details of any claims or litigation affecting the Debtor or the Collateral;
- (h) prevent the Collateral, other than Inventory sold, leased or otherwise disposed of as permitted by this Agreement, from being or becoming an accession to other property not covered by this Agreement;
- (i) permit the Secured Party and its representatives, at all reasonable times, access to all its property, assets and undertakings and to all its books of account and

records for the purpose of inspection, and render all assistance necessary for such inspection; and

- (j) deliver to the Secured Party from time to time promptly upon request:
 - (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral;
 - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying;
 - (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
 - (iv) all policies and certificates of insurance relating to the Collateral; and
 - (v) any information concerning the Collateral, the Debtor, and the Debtor's business and affairs as the Secured Party may reasonably require;
- (k) carry on and conduct the business of the Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning the Collateral;
- (l) observe and perform the additional covenants, if any, set out in any schedule attached to this Agreement.

7.2 Except as provided in this Agreement, without the prior written consent of the Secured Party, the Debtor shall not:

- (a) sell, lease or otherwise dispose of the Collateral;
- (b) release, surrender or abandon possession of the Collateral; or
- (c) move or transfer the Collateral from the jurisdiction or jurisdictions in which the Security Interest has been perfected.

7.3 Provided that the Debtor is not in default under this Agreement, at any time without the consent of the Secured Party the Debtor may lease, sell, license, consign or otherwise deal with items of Inventory in the ordinary course of its business and for the purposes of carrying on its business.

7.4 The Debtor covenants that to the extent that any monies, credit or other consideration provided by the Secured Party has enabled the Debtor to purchase or acquire rights in any personal property or assets, the Security Interest is and shall remain a purchase money security interest.

8. INSURANCE

8.1 The Debtor covenants that at all times while this Agreement is in effect, the Debtor shall:

- (a) maintain or cause to be maintained insurance on the Collateral with an insurer, of kinds, for amounts and payable to such person or persons, all as the Secured Party may require, and in particular but without limitation maintain insurance on the Collateral to its full insurable value against loss or damage by fire including extended coverage endorsement, and in the case of motor vehicles and other mobile Collateral, maintain insurance against theft;
- (b) cause the insurance policy or policies required under this Agreement to be assigned to the Secured Party and have as part thereof a standard mortgage clause or a mortgage endorsement, as appropriate; and
- (c) pay all premiums in connection with such insurance, and deliver all such policies to the Secured Party, if it so requires.

8.2 If proceeds of any insurance required under this Agreement become payable, the Secured Party may, in its absolute discretion, apply those proceeds to such part or parts of the Obligations as the Secured Party may see fit, or the Secured Party may release any such insurance proceeds to the Debtor for the purpose of repairing, replacing, or rebuilding, but any release of insurance proceeds to the Debtor shall not operate as a payment on account of the Obligations or in any way affect this Agreement.

8.3 The Debtor shall forthwith, on the happening of loss or damage to the Collateral, notify the Secured Party thereof and furnish to the Secured Party at the Debtor's expense any necessary proof and do any necessary act to enable the Secured Party to obtain payment of the insurance proceeds, but nothing contained in this Agreement shall limit the Secured Party's right to submit to the insurer a proof of loss on its own behalf.

8.4 The Debtor irrevocably authorizes and directs the insurer under any policy of insurance required under this Agreement to include the name of the Secured Party as a loss payee on any cheque or draft that may be issued with respect to a claim under and by virtue of such insurance, and the production by the Secured Party to any insurer of a certified copy of this Agreement shall be its full and complete authority for so doing.

8.5 If the Debtor fails to maintain insurance as required by this Agreement, the Secured Party may, but shall not be obliged to, maintain or effect such insurance coverage, or so much thereof as the Secured Party considers necessary for its protection.

9. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with the Debtor's covenants contained in this Agreement and compliance with paragraph 11 of this Agreement, the Debtor may, until default, possess, operate, collect, use and enjoy, and deal with the Collateral in the ordinary course of the Debtor's business in any manner not inconsistent with the provisions of this Agreement; provided always that the Secured Party shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner the Secured Party may consider appropriate. The Debtor agrees to furnish all assistance and information and to perform all such acts as the Secured Party may reasonably request in connection therewith, and for such purpose to grant to the

Secured Party or its agents access to all places where the Collateral may be located and to all premises occupied by the Debtor.

10. SECURITIES

If Collateral at any time includes Securities, the Debtor authorizes the Secured Party to transfer the same or any part of them into its own name or that of its nominee(s) so that the Secured Party or its nominee(s) may appear on record as the sole owner of them; provided that, until default, the Secured Party shall deliver promptly to the Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, the Debtor waives all rights to receive any notices or communications received by the Secured Party or its nominee(s) as such registered owner and agrees that no proxy issued by the Secured Party to the Debtor or its order as aforesaid shall thereafter be effective.

11. COLLECTION OF DEBTS

Before or after default under this Agreement, without notice to the Debtor, the Secured Party may notify all or any account debtors of the Debtor of the Security Interest and may also direct such account debtors to make all payments on Collateral to the Secured Party. The Debtor acknowledges that any payments on or other proceeds of Collateral received by the Debtor from account debtors, whether before or after notification of this Security Interest to account debtors, and whether before or after default under this Agreement, shall be received and held by the Debtor in trust for the Secured Party and shall be turned over to the Secured Party upon request. This includes interest on deferred payment contracts, and the payments themselves, and lease payments, if any.

12. INCOME FROM AND INTEREST ON COLLATERAL

12.1 Until default, the Debtor reserves the right to receive any money constituting income from or interest on Collateral and if the Secured Party receives any such money before default, the Secured Party shall either credit that money against the Obligations or pay it promptly to the Debtor.

12.2 After default, the Debtor shall not request or receive any money constituting income from or interest on Collateral and if the Debtor receives any such money in any event, the Debtor shall hold that money in trust for the Secured Party and shall pay it promptly to the Secured Party.

13. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

13.1 Whether or not default has occurred, the Debtor authorizes the Secured Party:

- (a) to receive any increase in or profits on the Collateral (other than money) and to hold the same as part of the Collateral. Money so received shall be treated as income for the purposes of paragraph 12 of this Agreement and dealt with accordingly, and

- (b) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of Collateral.

13.2 If the Debtor receives any such increase or profits (other than money) or payments or distributions, the Debtor shall deliver the same promptly to the Secured Party to be held by the Secured Party as provided in this Agreement.

14. DISPOSITION OF MONIES

Subject to any applicable requirements of the Act, all monies collected or received by the Secured Party under or in exercise of any right it possesses with respect to Collateral shall be applied on account of the Obligations in such manner as the Secured Party deems best or, at the option of the Secured Party, may be held unappropriated in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or the rights of the Secured Party under this Agreement, and any surplus shall be accounted for as required by law.

15. PERFORMANCE OF OBLIGATIONS

If the Debtor fails to perform any of its obligations under this Agreement, the Secured Party may, but shall not be obliged to, perform any or all of those obligations without prejudice to any other rights and remedies of the Secured Party under this Agreement, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and own client basis) incurred in connection therewith shall be payable by the Debtor to the Secured Party forthwith with interest until paid at the highest rate borne by any of the Obligations and such amounts shall be secured by this Agreement and rank prior to all claims subsequent to this Agreement.

16. DEFAULT

16.1 Unless waived by the Secured Party, it shall be an event of default ("default") under this Agreement and the security constituted by this Agreement shall immediately become enforceable if:

- (a) any term, covenant or representation of this Agreement is breached or if default occurs under the Mortgage, if any;
- (b) any amount owed to the Secured Party is not paid when due;
- (c) the Debtor defaults or threatens to default in payment when due or performance of any of the Obligations;
- (d) the Debtor or any guarantor of the Debtor declares itself to be insolvent, makes an assignment for the benefit of its creditors, is declared bankrupt, declares bankruptcy, 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, or fails to pay its debts generally as they become due;

- (e) a receiver or receiver-manager is appointed;
- (f) the Debtor ceases to carry on all or a substantial part of its business;
- (g) distress, execution or seizure of any of the Collateral occurs;
- (h) if the Debtor is a corporation, there is a change of voting control without the Secured Party's consent;
- (i) the Debtor changes its name or amalgamates or merges without the Secured Party's consent;
- (j) the Debtor allows any hazardous materials to be brought upon any lands or premises occupied by the Debtor; or
- (k) the Secured Party in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy.

16.2 It shall be an event of default under this Agreement and the security constituted by this Agreement shall immediately become enforceable if any term, covenant or representation in any other agreement, contract or other commitment of the Debtor to the Secured Party is breached or if default should occur under the same.

17. ACCELERATION

The Secured Party, in its sole discretion, may declare all or any part of the Obligations that are not by their terms payable on demand to be immediately due and payable in the event of any default, or, in the absence of default, if the Secured Party considers or deems itself insecure or that the Collateral is in jeopardy. The provisions of this paragraph do not and are not intended to affect in any way any rights of the Secured Party with respect to any Obligations that may now or in future be payable on demand.

18. ENFORCEMENT

18.1 Upon any default under this Agreement, the security constituted by this Agreement shall immediately become enforceable, and any floating charge will immediately attach the Real Property and Collateral. To enforce and realize on the security constituted by this Agreement, the Secured Party may take any action permitted by law or in equity, as it may deem expedient, and in particular, but without limiting the generality of the foregoing, the Secured Party may do any of the following:

- (a) appoint by instrument a receiver, receiver and manager or receiver-manager (the person so appointed is called the "Receiver") of the Collateral, with or without bond as the Secured Party may determine, and from time to time in its absolute discretion remove such Receiver and appoint another in its stead;

- (b) enter upon any premises of the Debtor and take possession of the Collateral with power to exclude the Debtor, its agents, and its servants from those premises, without becoming liable as a mortgagee in possession;
- (c) preserve, protect and maintain the Collateral and make such replacements and repairs and additions as the Secured Party may deem advisable;
- (d) sell, lease or otherwise dispose of all or any part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained, and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to the Secured Party may seem reasonable, provided that if any sale, lease or other disposition is on credit, the Debtor shall not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies therefor are actually received; and
- (e) exercise all of the rights and remedies of a secured party under the Act.

18.2 A Receiver appointed under this Agreement shall be the agent of the Debtor and not of the Secured Party, and the Secured Party shall not be in any way responsible for any misconduct, negligence or nonfeasance on the part of any Receiver, its servants, agents or employees. A Receiver shall, to the extent permitted by law or to such lesser extent permitted by its appointment, have all the powers of the Secured Party under this Agreement, and in addition shall have power to carry on the business of the Debtor and for such purpose to enter upon, use and occupy all premises owned or occupied by the Debtor in which Collateral may be situate, maintain Collateral upon such premises, use, Collateral directly or indirectly in carrying on the Debtor's business, and from time to time borrow money either unsecured or secured by a security interest in any of the Collateral.

18.3 Subject to the claims, if any, of the creditors of the Debtor ranking in priority to this Agreement, all amounts realized from the disposition of Collateral under this Agreement shall be applied as the Secured Party, in its absolute discretion, may direct or as follows:

- (a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and own client basis) incurred by the Secured Party in connection with or incidental to:
 - (i) the exercise by the Secured Party of all or any of the powers granted to it under this Agreement; and
 - (ii) the appointment of the Receiver and the exercise by the Receiver of all or any of the powers granted to it under this Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver excluding the Receiver's borrowings;
- (b) in payment of any sum or sums borrowed by the Receiver from the Secured Party and interest thereon if such sum or sums are secured by the Collateral;
- (c) in or toward payment to the Secured Party of all principal and other monies (except interest) due in respect of the Obligations;

- (d) in or toward payment to the Secured Party of all interest remaining unpaid in respect of the Obligations;
- (e) in or toward payment of any sum or sums borrowed by the Receiver from any financial institution, corporation or person other than the Secured Party, and interest thereon if such sum or sums are secured by the Collateral.

Subject to applicable law and the claims, if any, of other creditors of the Debtor, any surplus shall be paid to the Debtor.

18.4 The Debtor agrees that the Secured Party may exercise its rights and remedies under this Agreement immediately upon default, except as may be otherwise provided in the Act, and the Debtor expressly confirms that, except as may be otherwise provided in this Agreement or in the Act, the Secured Party has not given any covenant, express or implied, and is under no obligation to allow the Debtor any period of time to remedy any default before the Secured Party exercises its rights and remedies under this Agreement.

19. DEFICIENCY

If the amounts realized from the disposition of the Collateral are not sufficient to pay the Obligations in full, the Debtor shall pay to the Secured Party the amount of such deficiency immediately upon demand for the same.

20. RIGHTS CUMULATIVE

All rights and remedies of the Secured Party set out in this Agreement are cumulative, and no right or remedy contained in this Agreement is intended to be exclusive but each shall be in addition to every other right or remedy contained in this Agreement or in any existing or future security agreement or now or in future existing at law, in equity or by statute, or under any other agreement between the Debtor and the Secured Party that may be in effect from time to time.

21. LIABILITY OF SECURED PARTY

The Secured Party shall not be responsible or liable for any debts contracted by it, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when the Secured Party shall manage the Collateral upon entry, as provided in this Agreement, nor shall the Secured Party be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. The Secured Party shall not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor, nor shall the Secured Party, in the case of Securities, Instruments or Chattel Paper, be obliged to preserve rights against other persons, nor shall the Secured Party be obliged to keep any of the Collateral identifiable. The Debtor waives any applicable provision of law permitted to be waived by it which imposes higher or greater obligations upon the Secured Party than as contained in this paragraph.

22. APPOINTMENT OF ATTORNEY AND DEED

22.1 The Debtor irrevocably appoints the Secured Party or the Receiver, as the case may be, with full power of substitution, to be the attorney of the Debtor for and in the name of the Debtor to sign, endorse or execute under seal or otherwise any deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Debtor is obliged to sign, endorse or execute, and generally to use the name of the Debtor and to do all things as may be necessary or incidental to the exercise of all or any of the powers conferred on the Secured Party or the Receiver, as the case may be, under this Agreement.

22.2 Whether or not the Debtor attaches its corporate seal, if a corporation, this Agreement is intended to be and is deemed to be a deed given under seal.

23. ACCOUNTS

Notwithstanding any other provision of this Agreement, the Secured Party may collect, realize, sell or otherwise deal with the Accounts or any part of them in such manner, upon such terms and conditions, and at such time or times, whether before or after default, as may seem to it advisable, and without notice to the Debtor, except in the case of disposition after default and then subject to the provisions of Part 5 of the Act. All monies or other forms of payment received by the Debtor in payment of any Account shall be received and held by the Debtor in trust for the Secured Party.

24. APPROPRIATION OF PAYMENTS

Any and all payments made in respect of the Obligations from time to time and monies realized from any security interests held therefor (including monies collected in accordance with or realized on any enforcement of this Agreement) may be applied to such part or parts of the Obligations as the Secured Party may see fit, and the Secured Party may at all times and from time to time change any appropriation as the Secured Party may see fit.

25. LIABILITY TO ADVANCE

None of the preparation, execution, perfection and registration of this Agreement or notice of this Agreement or the advance of any monies shall bind the Secured Party to make any advance or loan or further advance or loan or renew any note or extend any time for payment of any indebtedness or liability of the Debtor to the Secured Party.

26. WAIVER

The Secured Party may from time to time and at any time waive in whole or in part any right, benefit or default under any paragraph of this Agreement but any such waiver of any right, benefit or default on any occasion shall be deemed not to be a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default, as the case may be, and no delay or omission by the Secured Party in exercising any right or remedy under this Agreement or with respect to any default shall operate as a waiver thereof or of any other right or remedy.

27. NOTICE

Any notice, demand or other communication required or permitted to be given under this Agreement shall be effectually made or given if delivered by prepaid private courier to the address of each party set out below:

- (a) To the Debtor: 8th Floor, 1125 Howe Street
Vancouver, British Columbia
V6Z 2K8

Attention: Yian Sun

- (b) To the Secured Party: 75 Tiverton Court
Markham, Ontario
L3R 4M8

Attention: Lixin Wang

with a copy to: Lawson Lundell LLP
Suite 1600 – 925 West Georgia Street
Vancouver, British Columbia
V6C 3L2

Attention: Jack Yong

or to such other address as either party may designate in the manner set out above. Any notice, demand or other communication shall be deemed to have been given and received on the day of prepaid private courier delivery.

28. EXTENSIONS

The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of the Security Interest, and otherwise deal with the Debtor, account debtors of the Debtor, sureties, and others and with the Collateral, the Security Interest and other security interests as the Secured Party sees fit without prejudice to the liability of the Debtor or the Secured Party's right to hold and realize on the security constituted by this Agreement.

29. NO MERGER

This Agreement shall not operate to create any merger or discharge of any of the Obligations, or of any assignment, transfer, guarantee, lien, mortgage, contract, promissory note, bill of exchange or security interest of any form held or which may in future be held by the Secured Party from the Debtor or from any other person. The taking of a judgment with respect to any of the Obligations shall not operate as a merger of any of the covenants contained in this Agreement.

30. ASSIGNMENT

The Secured Party may, without further notice to the Debtor, at any time assign, transfer or grant a security interest in this Agreement and the Security Interest. The Debtor expressly agrees that the assignee, transferee or secured party, as the case may be, shall have all of the Secured Party's rights and remedies under this Agreement, and the Debtor shall not assert any defence, counterclaim, right of setoff, or otherwise with respect to any claim that the Debtor now has or in future acquires against the Secured Party in any action commenced by such assignee, transferee or secured party, as the case may be, and shall pay the Obligations to the assignee, transferee or secured party, as the case may be, as the Obligations become due.

31. SATISFACTION AND DISCHARGE

Any partial payment or satisfaction of the Obligations, or any ceasing by the Debtor to be indebted to the Secured Party, shall be deemed not to be a redemption or discharge of this Agreement. The Debtor shall be entitled to a release and discharge of this Agreement upon full payment and satisfaction of all Obligations and upon written request by the Debtor and payment to the Secured Party of all costs, charges, expenses and legal fees and disbursements (on a solicitor and own client basis) incurred by the Secured Party in connection with the Obligations and such release and discharge.

32. ENUREMENT

This Agreement shall enure to the benefit of and be binding upon the parties and their respective heirs, executors, administrators, estate trustees, trustees, personal or legal representatives, successors and permitted assigns.

33. INTERPRETATION

33.1 In this Agreement:

- (a) "Debtor" and the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used, depending upon whether the Debtor is one or more individuals, corporations or partnerships and, if more than one, shall apply to and be binding upon each of them jointly and severally;
- (b) "Act" means the British Columbia *Personal Property Security Act* and all regulations thereunder as amended.

33.2 Words and expressions used in this Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act, whether expressed in this Agreement with or without initial capital letters and whether in the singular or the plural, unless otherwise defined in this Agreement or unless the context otherwise requires, and, wherever the context so requires, in this Agreement the singular shall be read as if the plural were expressed, and vice-versa, and the provisions of this Agreement shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

33.3 Should any provision of this Agreement be declared or held invalid or unenforceable in whole or in part or against or with respect to the Debtor by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of any or all of the remaining provisions of this Agreement, which shall continue in full force and effect and be construed as if this Agreement had been executed without the invalid or unenforceable provision.

33.4 The headings of the paragraphs of this Agreement have been inserted for reference only and do not define, limit, alter or enlarge the meaning of any provision of this Agreement.

33.5 This Agreement shall be governed by the laws of British Columbia.

34. MISCELLANEOUS

34.1 All of the agreements, covenants, representations and warranties of the Debtor under this Agreement are the joint and several agreements, covenants, representations and warranties of all parties comprising the Debtor, if there are two or more parties.

34.2 The Debtor authorizes the Secured Party to file such financing statements, financing change statements and other documents, and do such acts, matters and things as the Secured Party may deem appropriate, to perfect on an ongoing basis and continue the Security Interest, to protect and preserve the Collateral, and to realize upon the Security Interest.

34.3 The Debtor waives protest of any Instrument constituting Collateral at any time held by the Secured Party on which the Debtor is any way liable and, subject to the provisions of the Act, notice of any other action taken by the Secured Party.

34.4 The Debtor covenants that it shall not amalgamate with any other company or entity without first obtaining the written consent of the Secured Party. The Debtor acknowledges and agrees that if it amalgamates with any other company or companies, then it is the intention of the parties that the term "**Debtor**" when used in this Agreement shall apply to each of the amalgamating companies and to the amalgamated company, so that the Security Interest granted by this Agreement:

- (a) shall extend to "**Collateral**" (as that term is defined in this Agreement) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "**Collateral**" owned or acquired by the amalgamated company thereafter, and
- (b) shall secure the "**Obligations**" (as that term is defined in this Agreement) of each of the amalgamating companies and the amalgamated company to the Secured Party at the time of amalgamation and any "**Obligations**" of the amalgamated company to the Secured Party arising thereafter. The Security Interest shall attach to "**Collateral**" owned by each company amalgamating with the Debtor, and by the amalgamated company, at the time of amalgamation, and shall attach to any "**Collateral**" thereafter owned or acquired by the amalgamated company when that Collateral becomes owned or is acquired.

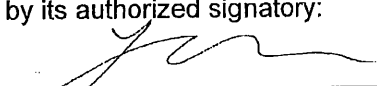
34.5 The Debtor authorizes the Secured Party to provide a copy of this Agreement and such other information and documents specified under the Act to any person entitled under the Act to demand and receive them.

35. COPY OF AGREEMENT AND FINANCING STATEMENT

The Debtor:

- (a) acknowledges receiving a copy of this Agreement, and
- (b) waives all rights to receive from the Secured Party a copy of any financing statement, financing change statement or verification statement filed, issued or obtained at any time in respect of this Agreement.

IN WITNESS WHEREOF the Debtor has executed this Agreement on the 22nd day of August, 2017.

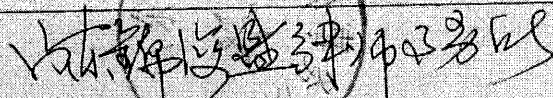
Officer Signature(s)	EXECUTION DATE	<table border="1" style="border-collapse: collapse; width: 100%;"> <tr> <td style="width: 33%; text-align: center;">Y 2017</td> <td style="width: 33%; text-align: center;">M 08</td> <td style="width: 33%; text-align: center;">D 22</td> </tr> </table>	Y 2017	M 08	D 22	Party(ies) Signature(s)
Y 2017	M 08	D 22				
			Network Intelligence Inc. by its authorized signatory:  <hr style="border: 0; border-top: 1px solid black;"/> Name: Yi An Sun <hr style="border: 0; border-top: 1px solid black;"/> Name:			

OFFICER CERTIFICATION:
Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1979, c. 116, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

This is Exhibit "F" referred to in the affidavit of Renke Nie sworn before me at Qindao City, in the Shandong Province of China, this 11th day of December 2017

 13702199710344158

A Notary Public in and for the Shandong Province



中国的前途即举国同胞的命运是福是祸取决于



PROMISSORY NOTE**Vancouver, British Columbia****CAD\$350,000.00****September 12, 2017**

FOR VALUE RECEIVED, the undersigned borrower (the "**Borrower**") hereby acknowledges itself indebted to and promises to pay to or to the order of 1130489 B.C. LTD. (the "**Lender**") the sum of THREE HUNDRED AND FIFTY THOUSAND DOLLARS (CAD\$350,000.00) in lawful money of CANADIAN DOLLARS, with no interest, on or before September 30, 2017.

The Borrower acknowledges that the loan and service agreement dated August 22, 2017 between the Borrower, the Lender and Istuary Group Holdings Ltd. is terminated. Notwithstanding the termination of such loan and service agreement, the Borrower acknowledges and agrees that the Borrower's obligations under this promissory note are secured by the general security agreement dated August 22, 2017 between the Borrower and the Lender, and by the security interest granted by the Borrower therein.

Extension of time of payment of all or any part of the amount owing hereunder at any time or times or failure of the holder hereof to enforce any of its rights or remedies hereunder or under any instrument securing this promissory note or any releases or surrender of property shall not release any party hereof and shall not constitute a waiver of the rights of the holder hereof to enforce such rights and remedies thereafter.

The undersigned waives demand and presentment for payment, notice of dishonour, notice of non-payment, protest and notice of protest of this promissory note.

This promissory note shall be governed by and construed in accordance with the laws of the Province of British Columbia. The parties hereby irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of British Columbia.

IN WITNESS WHEREOF the undersigned has executed this promissory note on the day and year first above written.

NETWORK INTELLIGENCE INC.Per: _____
Authorized Signatory

This is Exhibit "G" referred to in the affidavit of Renke
 Nie sworn before me at Qixiao City, in the Shandong
 Province of China, this 11th day of December 2017
 [Signature]
 A Notary Public in and for the Shandong Province

13702199710344158

中国山东省青岛市即墨区蓝村经济开发区
 中国山东省青岛市即墨区蓝村经济开发区



CONVERTIBLE LOAN AGREEMENT

THIS AGREEMENT dated as of the 15 day of September 2017.

BETWEEN:

1130489 B.C. LTD., a British Columbia company having an address at 75 Tiverton Court, Markham, Ontario L3R 4M8

(the "Lender")

AND:

NETWORK INTELLIGENCE INC., a British Columbia company having an address at 8th Floor, 1125 Howe Street, Vancouver, British Columbia, V6Z 2K8

(the "Borrower")

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.
- C. The Facility shall be used for the working capital purposes of the Borrower.

IN CONSIDERATION of the Lender making the Facility available to the Borrower and the covenants and agreements contained in this Agreement, the parties agree as follows:

1. **Definitions**

- 1.1 "Agreement" means this convertible loan agreement, together with any amendments to or replacements of this convertible loan agreement.
- 1.2 "Borrower" is defined in the recitals of the parties above.
- 1.3 "Business Day" means a day which is not a Saturday, Sunday or statutory holiday in British Columbia, or Ontario, Canada.
- 1.4 "Communication" has the meaning ascribed to it in Section 21.5.
- 1.5 "Conversion Date" has the meaning ascribed to it in Section 9.3.
- 1.6 "Conversion Form" means the form attached hereto as Schedule A.
- 1.7 "Conversion Price" has the meaning ascribed to it in Section 8.1.
- 1.8 "Conversion Right" has the meaning ascribed to it in Section 8.1.
- 1.9 "Effective Date" means the date first set out in this Agreement.
- 1.10 "Event of Default" means each of the events referred to in Section 18.1.

- 1.11 "**Facility**" has the meaning ascribed to it in Section 2.1.
- 1.12 "**Lender**" is defined in the recitals of the parties above.
- 1.13 "**Material Adverse Effect**" means the occurrence of a material adverse effect on (a) the business, assets, operations, prospects, properties or condition, financial or otherwise, of the Borrower, taken as a whole, (b) the ability of the Borrower to comply with its obligations under this Agreement, or (c) the rights and remedies of the Lender under this Agreement of any related security or document.
- 1.14 "**Maturity Date**" means the first anniversary of the first advance of the Facility.
- 1.15 "**Outstanding Convertible Loans**" means any amounts owing pursuant to (a) a convertible loan agreement dated August 23, 2016, 2016 between the Borrower, as borrower, and Istuary Innovation Fund II Limited Partnership, as lender, (b) a convertible loan agreement dated January 5, 2017 between the Borrower, as borrower, and Istuary Innovation Fund III Limited Partnership, as lender, and (c) a convertible loan agreement dated January 5, 2017 between the Borrower, as borrower, and Istuary Platinum Fund III Limited Partnership, as lender.
- 1.16 "**Preferred Shares**" means the Series A Preferred shares of the Borrower.

2. **The Loan**

- 2.1 As of the date hereof, the Lender agrees to grant to the Borrower a credit facility by way of one or more advances from time to time, up to an aggregate maximum principal amount (for all advances) of US\$10,000,000.00 (the "**Facility**"), upon the terms and conditions contained herein.
- 2.2 Advances shall be based on written requests submitted by the Borrower to the Lender with material supporting information. Subject to the conditions in Section 15, the Lender will use its commercially reasonable efforts to confirm or decline each such request within four (4) Business Days of receipt of a request, together with all material supporting information, from the Borrower.

3. **Availability**

- 3.1 The Lender will make the Facility available to the Borrower on or after the Effective Date.
- 3.2 At any time, the Lender may cancel or reduce the Facility, at the Lender's sole discretion, effective upon notice to the Borrower in writing.

4. **Interest**

- 4.1 All outstanding and unconverted amounts under the Facility shall accrue interest from the date such amount was advanced up to the date such amount is fully repaid at a rate of 12.0% per annum, compounded annually.

5. **Repayment and Prepayment**

- 5.1 **Repayment.** If the Facility has not been converted, the Borrower agrees to repay the Facility and all accrued interest on the Maturity Date.

5.2 **Prepayment.** The Borrower may prepay the Facility in whole or in part without notice, penalty or bonus.

5.3 **Manner of Payment.** The Borrower agrees to make payments (including by way of reimbursement) under the Agreement in full without set off or counterclaim and without any deduction for taxes unless prohibited by law.

6. **Fees and Costs**

6.1 The Borrower shall pay all of the Lender's costs, including the Lender's fee, broker commission, solicitor's fees and disbursements, for the preparation of this Agreement, and registration of the security for the Facility. On default, the Borrower shall pay all costs, charges and expenses of the Lender in enforcing this Agreement, including solicitor and client costs. All such costs and expenses shall be payable on demand.

7. **Manner of Payments**

7.1 All payments to be made by the Borrower to the Lender under this Agreement shall be in United States funds or Canadian funds equivalent at the prevailing exchange rate when paid, and made to the Lender by wire transfer, cheque, direct deposit or bank draft in immediately available funds to such account or accounts of the Lender as the Lender may direct from time to time.

8. **Conversion Rights**

8.1 **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, including any accrued and unpaid interest thereon, be converted into Preferred Shares of the Borrower at a share price calculated based on a post-money valuation of the Borrower of USD \$20,000,000.00 (the "**Conversion Price**") pursuant to the conversion provisions set out in Section 8 herein. Any portion of the Facility in Canadian Dollars shall be converted to United States Dollars at the prevailing rate on the Conversion Date.

8.2 **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.

8.3 **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.

9. **Manner of Exercise of the Conversion Right**

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

9.1 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.

- 9.2 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 9 and, as soon as practicable thereafter, the Borrower will deliver to the Lender a certificate or certificates for such number of Preferred Shares.
- 9.3 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 9. 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.
- 10. Reservation of the Preferred Shares**
- 10.1 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.
- 11. Fractional Shares**
- 11.1 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 11, 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.
- 12. Shareholders' Agreement**
- 12.1 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.

13. Subscription Agreement

- 13.1 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.

14. Security

- 14.1 The Borrower hereby agrees that all security previously granted to the Lender pursuant to loan agreement dated August 22, 2017 between the Borrower, as borrower, the Lender, as lender, and Istuary Group Holdings Ltd., as guarantor, including a general security agreement from the Borrower in favour of the Lender dated August 22, 2017, creating a security interest in all of the Borrower's present and after-acquired personal property and all proceeds of that property, shall continue as security for repayment of all amounts advanced under the Facility.
- 14.2 In addition to all security previously granted to the Lender, the Borrower shall grant, or otherwise provide, to the Lender, as security for the repayment of all amounts advanced under the Facility, such further security as the Lender may require of the Borrower from time to time to secure the indebtedness of the Borrower hereunder, all in form and substance satisfactory to the Lender.

15. Conditions Precedent

- 15.1 The obligation of the Lender to provide any advance under the Facility is conditional upon:
- (a) the receipt by the Lender of all documents and instruments as required by the Lender and its legal counsel in connection with the matters set out in this Agreement;
 - (b) receipt of current financial information in form and content satisfactory to the Lender from the Borrower;
 - (c) since the Effective Date, there has been no event, development or circumstance that has had or could reasonably be expected to have a Material Adverse Effect, as determined in the sole and absolute discretion of the Lender;
 - (d) all information (including that disclosed in all financial statements) pertaining to the Borrower that has been or will be made available to the Lender by the Borrower or any representative of the Borrower, taken as a whole, is or will be, when furnished, complete and correct in all material respects and does not or will not, when furnished, contain any untrue statement of a material misstatement of any fact and, taken as a whole, does not and will not omit to state any material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements have been or will be made;
 - (e) the Lender will be reasonably satisfied that its security interest is secured against the collateral of the Borrower in priority to all other liens, security interests and charges and the Borrower will enter into such amendments to documents as may be required in order to ensure the foregoing;

- (f) the representations and warranties of the Borrower set forth in this Agreement and any related documents will be true and correct in all material respects on and as of the Effective Date and the date on which any advance is considered by the Lender;
- (g) at the time of any advance, the Borrower being in compliance with its obligations under this Agreement; and
- (h) all amounts currently owing under the Outstanding Convertible Loans being converted into Preferred Series A shares of the Borrower in accordance with the terms of the loan agreements setting out the Outstanding Convertible Loans, and all issued and outstanding Preferred Series A shares of the Borrower (including those converted from the Outstanding Convertible Loans) being converted into Common shares of the Borrower on a one-for-one basis..

16. Representations and Warranties

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

- (a) **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 and carry out the transactions contemplated thereby.
- (b) **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, when executed, constitutes valid and binding obligations of the Borrower in accordance with its terms.
- (c) **No Legal Proceedings.** To the Borrower's knowledge, there are no actions, suits or proceedings, pending or threatened against or affecting, or which could affect, the Borrower or its assets or on behalf of any government authority or otherwise.
- (d) **Disclosure of Material Facts.** The Borrower has disclosed all material facts with respect to the transactions contemplated hereby, and that all financial information or otherwise provided by it to the Lender in connection with the Facility is complete and accurate, and the Borrower acknowledges that the Lender is making the Facility available to the Borrower in reliance on the truth, completeness and accuracy of this information and the representations and warranties contained in this Agreement.
- (e) **Litigation.** There are no actions, suits, counterclaims or proceedings by any person or investigation by any governmental authority pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower.

- 7 -

- (f) **Compliance with Applicable Law and Agreements.** The Borrower is in compliance with all applicable law and all indentures, agreements and other instruments binding upon it or its property.
- (g) **Defaults.** The Borrower is not in default under any loan or credit agreement, indenture, mortgage, deed of trust, security agreement or other instrument or agreement evidencing or securing any indebtedness or creating any lien under any material agreement or instrument to which the Borrower is a party or by which the Borrower is bound.
- (h) **Solvency.** The Borrower is not insolvent within the meaning of any applicable laws.
- (i) **Material Contracts.** The Borrower is not in default under or in breach of any term or condition of any material contract nor is the Borrower aware of any default under or breach of any term or condition of any material contract by any other party thereto.
- (j) **Intellectual Property Rights.** The Borrower owns, free and clear of all Liens, except Permitted Liens, and is properly licensed to use all patents, patent applications, trademarks, trade mark applications, trade names, service marks, copyrights, industrial designs, integrated circuit topographies necessary or useful for the conduct of its business as currently conducted.

17. Covenants and Agreements

17.1 The Borrower covenants and agrees with the Lender that, as from the Effective Date and for so long as any amount is outstanding from the Borrower to the Lender hereunder, the Borrower shall:

- (a) do all such acts and things necessary to ensure that all of the representations and warranties of the Borrower remain true and correct;
- (b) immediately notify the Lender in writing should an event of default as provided for in section 18.1 occur;
- (c) pay duly and punctually all amounts outstanding under the Facility upon demand by the Lender;
- (d) not sign any credit agreement without the prior written consent of the Lender;
- (e) 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; and
- (f) not create, incur, suffer to exist, assume, , endorse, become a surety, or otherwise become liable for the debt or other obligations of any other person whether directly or indirectly, or make or incur any other obligation or loan without the prior written consent of the Lender.

18. **Events of Default**

18.1 Each of the following, unless waived by the Lender in writing, shall be an event of default under this Agreement and, upon the occurrence of an event of default, the obligations of the Lender hereunder shall terminate forthwith and the outstanding Facility, along with any other amounts outstanding hereunder, shall become immediately repayable without demand:

- (a) **Default.** The Borrower fails to repay the Facility upon demand by the Lender.
- (b) **Default in Other Obligation.** The Borrower is in default of any other covenant or agreement herein contained or any other document or instrument executed by the Borrower in favour of the Lender or to which the Lender is a party to, provided however that in the event of default, the Borrower shall be accorded a period of 15 Business Days, after notice from the Lender, to remedy such default.
- (c) **Bankruptcy/Insolvency.** The Borrower makes or threatens to make an assignment for the benefit of its creditors, is declared bankrupt, makes or threatens a proposal or otherwise takes or threatens to take advantage of provisions for relief under any bankruptcy or insolvency legislation.
- (d) **Appointment of a Receiver.** A receiver, receiver and manager or receiver/manager is appointed for all or any part of the property and assets of the Borrower.
- (e) **Enforcement Against Assets.** An order of execution against the property and assets of the Borrower, or any part thereof, remains unsatisfied for a period of 10 days.
- (f) **Representations and Warranties of the Borrower.** Any representation or warranty, whether or not contained herein, by or on behalf of the Borrower to the Lender is untrue in any material respect.
- (g) **Material Adverse Effect.** Upon the occurrence of an event, development or circumstance that had or could reasonably be expected to have a Material Adverse Effect.
- (h) **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.

19. **Acceleration**

19.1 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.

20. Indemnification

20.1 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.

21. General

21.1 Time shall be of the essence of this Agreement.

21.2 No alteration, amendment or modification of this Agreement or any provision of this Agreement shall be valid and binding upon the parties hereto unless such alteration, amendment or modification is in writing executed by the parties.

21.3 No waiver or delay on the part of the Lender in exercising any right or privilege hereunder and no waiver as to any event of default hereunder shall operate as a waiver thereof unless made in writing and signed by the Lender. No written waiver shall preclude the further or other exercise by the Lender of any right, power or privilege hereunder or extend to or apply to any further event of default.

21.4 The parties hereto shall execute and deliver all such further documents and instruments and do all such acts and things as any party may reasonably require in order to carry out the full intent and meaning of this Agreement.

21.5 Any demand, notice or other communication (each a "**Communication**") to be made or given hereunder shall be in writing and, in order to be effectively given, shall be made or given by personal delivery or by prepaid registered mail to the address of the respective party set forth on the first page of this Agreement, with a copy all Communications made or given to the Lender to be provided to:

Lawson Lundell LLP
Suite 1600 – 925 West Georgia Street
Vancouver, B.C. V6C 3L2

Attention: Jack Yong
Fax: (604) 669-1620

Either party may from time to time notify the other party hereto in accordance with this section 21.5 of any change of address which thereafter, until changed by like notice, shall be the address of such party for all purposes under this Agreement. Any Communication made or given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof. Any Communication made or given by prepaid registered mail shall be conclusively deemed to have been given on the fifth Business Day after which it is mailed.

21.6 This Agreement shall be subject to, governed by, and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

21.7 In the event any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of

the remaining provisions contained in this Agreement shall not in any way be affected or impaired thereby, and any such invalid, illegal or unenforceable provision shall be deemed to be severable.

- 21.8 This Agreement shall be binding upon and shall enure to the benefit of the Borrower and the Lender and their respective heirs, executors, administrators, estate trustees, trustees, personal or legal representatives, successors and assigns provided that the Borrower shall not assign any of its rights or obligations hereunder without the prior written consent of the Lender.
- 21.9 This Agreement may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more additional signature pages.
- 21.10 This Agreement may be executed by the parties and transmitted by email, facsimile or other functionally equivalent electronic means and if so executed and transmitted, this Agreement will be for all purposes as effective as if the parties had executed and delivered an original Agreement.

[signature pages follow]


IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the date first set forth above.

1130489 B.C. LTD.

Per: 

Authorized Signatory

NETWORK INTELLIGENCE INC.

Per: 

Authorized Signatory

[Lender and Borrower's signature page of Convertible Loan Agreement]

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 outstanding Facility of _____ in accordance with the terms contained in the Agreement, and directs that the _____ Preferred shares of the Issuer issuable upon conversion (the "Preferred Shares") be issued and delivered to the person indicated below.

Dated: _____

Name: _____

By: _____
Authorized Signatory

Name and Title of Authorized Signatory

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: _____

This is Exhibit "H" referred to in the affidavit of Renke Nie sworn before me at Qindao City, in the Shandong Province of China, this ^{11th} day of December 2017

[Signature] #13702199710344158

A Notary Public in and for the Shandong Province

中国山东省潍坊市潍城区福泰国际大厦11楼



From: 孙一桢
Sent: September 15, 2017 10:35 AM
To: Alex Wang
Cc: Rachel Lu; Christine Guo
Subject: Re: Convertible Loan Agreement - NI

I agree to convert to common shares.

Thanks

发自我的 iPhone

在 2017 年 9 月 15 日 ,09:38 ,Alex Wang <alex.wang@Istuary.com> 写道 :

Hi Ethan,

Thank you for signing the Convertible Loan Agreement. I will sign it back asap. Meanwhile, I have to remind you and all the related stakeholders that the company Network Intelligence is facing great risk. NI has lost nearly half team with the key team leaders still not officially on board. The cash funding of the company is nearly running out and the company is in deficit to pay all the payables...


So, the value of the company is swiftly going to zero if we couldn't keep the team and fulfil the obligations. That could happen anytime. For the benefit of all the shareholders, employees and relevant parties, it's very critical to have fresh capital in place in the next few days. We, as the loan provider, could only put in the capital after the Conditions Precedent met, among which the most important condition is to have all the convertible notes, if any, converted to preferred shares and all the preferred shares to common shares. Pls use all you reasonable efforts to deal with the CPs, so that the value of the company could be retained.

Regards,


Alex Wang

On behalf of 1130489 B.C.Ltd

This is Exhibit "I" referred to in the affidavit of Renke Nie sworn before me at Qindao City, in the Shandong Province of China, this 11th day of December 2017


 A Notary Public in and for the Shandong Province

13702199710344158


 中国山东省青岛市即墨区蓝村经济开发区福泰里大厦11楼



NETWORK INTELLIGENCE INC.
CONVERSION FORM

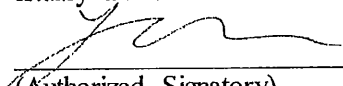
TO: NETWORK INTELLIGENCE INC. (the "Issuer")

All capitalized terms used herein have the meaning ascribed thereto in the convertible loan agreement between the Issuer, as borrower, and Istuary Innovation Fund II Limited Partnership, as lender (the "Agreement"), to which this form is a Schedule to, unless otherwise indicated.

The undersigned irrevocably elects to convert the full outstanding Facility of USD\$7,364,800.00 plus accrued interest of USD\$883,776.00 in accordance with the terms contained in the Agreement, and directs that the 3,466,453 Series A Preferred shares of the Issuer issuable upon conversion (the "Preferred Shares") be issued and delivered to the person indicated below.

Dated: 2017-09-20

Name: Istuary Innovation Fund II Limited Partnership

By: 
(Authorized Signatory)

Yi An Sun, Director of GP company
Name and Title of Authorized Signatory

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: Istuary Innovation Fund II Limited Partnership

Address: 800 – 1125 Howe Street
Vancouver, British Columbia
V6Z 2K8

NETWORK INTELLIGENCE INC.
CONVERSION FORM

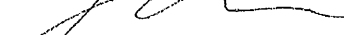
TO: **NETWORK INTELLIGENCE INC.** (the "Issuer")

All capitalized terms used herein have the meaning ascribed thereto in the convertible loan agreement between the Issuer, as borrower, and Istuary Innovation Fund III Limited Partnership, as lender (the "Agreement"), to which this form is a Schedule to, unless otherwise indicated.

The undersigned irrevocably elects to convert the full outstanding Facility of USD\$354,000.00 in accordance with the terms contained in the Agreement, and directs that the 78,263 Series A Preferred shares of the Issuer issuable upon conversion (the "Preferred Shares") be issued and delivered to the person indicated below.

Dated: 2017-09-20

Name: Istuary Innovation Fund III Limited Partnership

By: 
(Authorized Signatory)

Yi An Sun, Director of GP company

Name and Title of Authorized Signatory

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: Istuary Innovation Fund III Limited Partnership

Address: 800 – 1125 Howe Street
Vancouver, British Columbia
V6Z 2K8

NETWORK INTELLIGENCE INC.
CONVERSION FORM

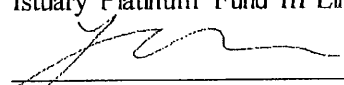
TO: NETWORK INTELLIGENCE INC. (the "Issuer")

All capitalized terms used herein have the meaning ascribed thereto in the convertible loan agreement between the Issuer, as borrower, and Istuary Platinum Fund III Limited Partnership, as lender (the "Agreement"), to which this form is a Schedule to, unless otherwise indicated.

The undersigned irrevocably elects to convert the full outstanding Facility of USD\$3,615,998.00 in accordance with the terms contained in the Agreement, and directs that the 799,484 Series A Preferred shares of the Issuer issuable upon conversion (the "Preferred Shares") be issued and delivered to the person indicated below.

Dated: 2017-09-20

Name: Istuary Platinum Fund III Limited Partnership

By: 
(Authorized Signatory)
Yi An Sun, Director of GP company
Name and Title of Authorized Signatory

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: Istuary Platinum Fund III Limited Partnership

Address: 800 - 1125 Howe Street
Vancouver, British Columbia
V6Z 2K8

**RESOLUTIONS OF THE SOLE DIRECTOR OF
NETWORK INTELLIGENCE INC.**

The undersigned, being the sole director of Network Intelligence Inc. (the “**Company**”), hereby consents to and adopts the following resolutions:

Conversion under Convertible Loan Agreements

WHEREAS:

- A. the Company entered into the following convertible loan agreements with the lenders (the “**Lenders**”) as listed below:
- (a) a convertible loan agreement dated August 23, 2016 (the “**Innovation Fund II Loan Agreement**”) between the Company, as borrower, and Istuary Innovation Fund II Limited Partnership (“**Innovation Fund II LP**”), as lender, pursuant to which Innovation Fund II LP granted to the Company a credit facility in the total principal amount of USD\$10,000,000.00, with any outstanding amounts, plus any accrued and unpaid interest thereon, being convertible at the option of Innovation Fund II LP into preferred shares in the capital of the Company (the “**Preferred Shares**”) at a price per share calculated based on a post-money valuation of the Company of USD\$40,000,000.00;
 - (b) a convertible loan agreement dated January 5, 2017 between the Company, as borrower, and Istuary Platinum Fund III Limited Partnership (“**Platinum Fund III LP**”), as lender, pursuant to which Platinum Fund III LP granted to the Company a credit facility in the total principal amount of USD\$3,500,000.00, with any outstanding amounts, plus any accrued and unpaid interest thereon, being convertible at the option of Platinum Fund III LP into Preferred Shares at a price per share calculated based on a post-money valuation of the Company of USD\$80,000,000.00; and
 - (c) a convertible loan agreement dated January 5, 2017 between the Company, as borrower, and Istuary Innovation Fund III Limited Partnership (“**Innovation Fund III LP**”), as lender, pursuant to which Innovation Fund III LP granted to the Company a credit facility in the total principal amount of USD\$3,000,000.00, with any outstanding amounts, plus any accrued and unpaid interest thereon, being convertible at the option of Innovation Fund III LP into Preferred Shares at a price per share calculated based on a post-money valuation of the Company of USD\$80,000,000.00

(collectively, the “**Convertible Loan Agreements**”);

- B. pursuant to the Convertible Loan Agreements, the Company has borrowed the following amounts from the Lenders, evidenced by demand promissory notes issued by the Company to the Lenders:
- (a) from Innovation Fund II LP, the aggregate principal amount of USD\$7,364,800.00, plus accrued interest of USD\$883,766.00, evidenced by demand promissory notes issued to Innovation Fund II LP pursuant to the Innovation Fund II Loan Agreement (the "**Innovation Fund II Loan**");
 - (b) from Platinum Fund III LP, the aggregate principal amount of USD\$3,615,998.00, evidenced by demand promissory notes issued to Platinum Fund III LP pursuant to the Platinum Fund III Loan Agreement (the "**Platinum Fund III Loan**"); and
 - (c) from Innovation Fund III LP, the aggregate principal amount of USD\$354,000.00, evidenced by demand promissory notes issued to Innovation Fund III LP pursuant to the Innovation Fund III Loan Agreement (the "**Innovation Fund III Loan**")
- (collectively, the "**Loans**");
- C. the Company and the Lenders wish to convert the above referenced Loans, including any accrued and unpaid interest thereon, into Series A Preferred Shares of the Company at the price per converted share as listed below:
- (a) the Innovation Fund II Loan converted into 3,466,453 Series A Preferred Shares at a price of USD\$2.3795 per share;
 - (b) the Platinum Fund III Loan converted into 799,484 Series A Preferred Shares at a price of USD\$4.5229 per share; and
 - (c) the Innovation Fund III Loan converted into 78,268 Series A Preferred Shares at a price of USD\$4.5229 per share; and
- D. Yian Sun, being the sole director of the Company, has disclosed the nature and extent of any conflict that he has in respect of the resolutions herein in accordance with section 147 of the *Business Corporations Act* (British Columbia) (the "**Act**"), and as the sole director has disclosed in writing the nature and extent of such conflicts, he is permitted to vote on these resolutions pursuant to section 149(3) of the Act.

RESOLVED THAT:

1. as of the date hereof, the Company hereby authorizes and approves:
 - (a) the conversion of the Innovation Fund II Loan into an aggregate of 3,466,453 Series A Preferred Shares at the conversion price of USD\$2.3795 per share;
 - (b) the conversion of the Platinum Fund III Loan into an aggregate of 799,484 Series A Preferred Shares at the conversion price of USD\$4.5229 per share; and

- (c) the conversion of the Innovation Fund III Loan into an aggregate of 78,268 Series A Preferred Shares at the conversion price of USD\$4.5229 per share;
2. payment in full having been deemed received as of the date hereof, the following Series A Preferred Shares be allotted and issued as fully paid and non-assessable shares, for the issue price per share as referenced below:

Name	No. and Class of Shares	Price Per Share
Istuary Innovation Fund II Limited Partnership	3,466,453 Series A Preferred	USD\$2.3795
Istuary Platinum Fund III Limited Partnership	799,484 Series A Preferred	USD\$4.5229
Istuary Innovation Fund III Limited Partnership	78,268 Series A Preferred	USD\$4.5229

3. the following share certificates be issued:

Share Certificate No.	Name	No. and Class of Shares
AP-5	Istuary Innovation Fund II Limited Partnership	3,466,453 Series A Preferred
AP-6	Istuary Platinum Fund III Limited Partnership	799,484 Series A Preferred
AP-7	Istuary Innovation Fund III Limited Partnership	78,268 Series A Preferred

4. all necessary particulars with respect to such share issuances be entered in the central securities register of the Company.

Conversion of Series A Preferred Shares

WHEREAS:

- E. pursuant to Section 27.5 of the Articles of the Company, each Series A Preferred Shareholder shall have the right at any time to convert all or any portion of such holder's Series A Preferred Shares into Common Shares of the Company, without payment of any additional consideration;

- F. each registered holder of the issued and outstanding Series A Preferred Shares has provided notice to the Company of its intention to convert the full amount of each holder's Series A Preferred shares into Common Shares in accordance with the Articles of the Company, and each has surrendered for cancellation the share certificates representing the Series A Preferred Shares to be converted;
- G. pursuant to Section 27.1 of the Articles of the Company, the conversion price for the Series A Preferred Shares as determined on the conversion of the Series A Preferred Shares for Common shares is USD\$1.49953 per Series A Preferred Share; and
- H. the Company wishes to convert all of the Series A Preferred Shares into an aggregate of 8,256,700 Common Shares in the capital of the Company in accordance with the Articles of the Company.

RESOLVED THAT:

5. the conversion price of US\$1.49953, being the consideration for the issue of each Common Share converted from each Series A Preferred Share in accordance with the Articles of the Company, is hereby ratified, confirmed and approved;
6. the Series A Preferred Shares be converted into an equal number of Common Shares in accordance with the Articles of the Company as set forth below:

Shareholder	Number of Series A Preferred Shares	Number of Common Shares
Istuary Toronto Innovation Fund I Limited Partnership	1,667,189	1,667,189
Istuary Innovation Fund II L.P.	533,500	533,500
Istuary Innovation Fund I Limited Partnership	1,711,806	1,711,806
Istuary Innovation Fund II Limited Partnership	3,466,453	3,466,453
Istuary Platinum Fund III Limited Partnership	799,484	799,484
Istuary Innovation Fund III Limited Partnership	78,268	78,268

7. the following share certificates representing the converted Series A Preferred Shares be cancelled:

Share Certificate No.	Name	No. and Class of Shares
AP-1	Istuary Toronto Innovation Fund I Limited Partnership	1,667,189 Series A Preferred
AP-2	Istuary Innovation Fund II L.P.	533,500 Series A Preferred
AP-3	Istuary Innovation Fund I Limited Partnership	1,375,001 Series A Preferred
AP-4	Istuary Innovation Fund I Limited Partnership	336,805 Series A Preferred
AP-5	Istuary Innovation Fund II Limited Partnership	3,466,453 Series A Preferred
AP-6	Istuary Platinum Fund III Limited Partnership	799,484 Series A Preferred
AP-7	Istuary Innovation Fund III Limited Partnership	78,268 Series A Preferred

8. the following share certificates be issued:

Share Certificate No.	Name	No. and Class of Shares
C-8	Istuary Toronto Innovation Fund I Limited Partnership	1,667,189 Common
C-9	Istuary Innovation Fund II L.P.	533,500 Common
C-10	Istuary Innovation Fund I Limited Partnership	1,711,806 Common
C-11	Istuary Innovation Fund II Limited Partnership	3,466,453 Common
C-12	Istuary Platinum Fund III Limited Partnership	799,484 Common
C-13	Istuary Innovation Fund III Limited Partnership	78,268 Common

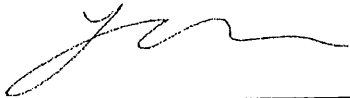
9. all necessary particulars with respect to such share conversions be entered into the central securities register of the Company.

Additional Acts

RESOLVED THAT any one director or officer of the Company is hereby authorized for and on behalf of the Company to execute and deliver all such documents, whether under the seal of the Company or otherwise, together with all such additions, deletions, alterations or amendments thereto as he may deem advisable, whose signature thereon shall be conclusive evidence of his approval of such additions, deletions, alterations or amendments and to execute and deliver all such documents, agreements, instruments, elections and certificates contemplated under such documents, whether under the seal of the Company or otherwise, and to do all such other acts and things as may be necessary or desirable to give effect to these resolutions.

These resolutions may be executed in original or facsimile form with the same effect as if executed in original form.

DATED as of the 20 day of September, 2017.



YIAN SUN

NETWORK INTELLIGENCE INC.

NOTICE OF DISCLOSURE OF INTEREST

Pursuant to Section 147 of the *Business Corporations Act* (British Columbia) (the "Act"), I, Yian Sun, hereby give notice to NETWORK INTELLIGENCE INC. (the "Company") that:

1. I am the sole director of the Company;
2. I have an interest in the Company's proposed conversion of (a) certain loans granted to the Company by Istuary Innovation Fund II Limited Partnership, Istuary Platinum Fund III Limited Partnership and Istuary Innovation Fund III Limited Partnership (collectively, the "Lenders") into Series A Preferred shares without par value in the capital of the Company, and (b) Series A Preferred shares into Common shares without par value in the capital of the Company by virtue of being a director of the general partners of each of the Lenders and director of the general partners of each of the Series A Preferred shareholders; and
3. I have disclosed my interest as detailed above and it is understood that the foregoing amounts to sufficient disclosure of such interest and satisfies the requirements of Section 147 of the Act.

DATED as of the 20 day of September, 2017.



YIAN SUN

NOTICE OF CONVERSION

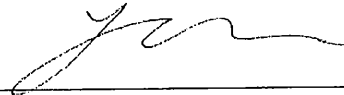
TO: **NETWORK INTELLIGENCE INC.** (the "Company")

The undersigned, pursuant to Article 27.5(a)(ii) of the Articles of the Company, hereby elects to have all of the Series A Preferred Shares registered in its name converted into an equal number of Common Shares in the capital of the Company as determined pursuant to Article 27.5 of the Articles of the Company and tenders herewith Share Certificate No. AP-1 representing its Series A Preferred Shares to be surrendered for cancellation upon such conversion.

Dated as of this 20 day of September, 2017.

**ISTUARY TORONTO INNOVATION FUND I
LIMITED PARTNERSHIP**, by its general
partner, **ISTUARY TORONTO CAPITAL INC.**

Per: _____


Authorized Signatory

NOTICE OF CONVERSION

79

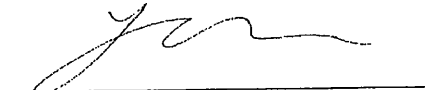
TO: **NETWORK INTELLIGENCE INC.** (the "Company")

The undersigned, pursuant to Article 27.5(a)(ii) of the Articles of the Company, hereby elects to have all of the Series A Preferred Shares registered in its name converted into an equal number of Common Shares in the capital of the Company as determined pursuant to Article 27.5 of the Articles of the Company and tenders herewith Share Certificate No. AP-2 representing its Series A Preferred Shares to be surrendered for cancellation upon such conversion.

Dated as of this 20 day of September, 2017.

ISTUARY INNOVATION FUND II L.P., by its
general partner, **ISTUARY INVESTMENT
GROUP LLP.**

Per:



Authorized Signatory

NOTICE OF CONVERSION

80

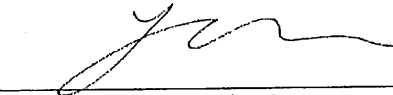
TO: **NETWORK INTELLIGENCE INC.** (the "Company")

The undersigned, pursuant to Article 27.5(a)(ii) of the Articles of the Company, hereby elects to have all of the Series A Preferred Shares registered in its name converted into an equal number of Common Shares in the capital of the Company as determined pursuant to Article 27.5 of the Articles of the Company and tenders herewith Share Certificate No. AP-3 and No. AP-4 representing its Series A Preferred Shares to be surrendered for cancellation upon such conversion.

Dated as of this 20 day of September, 2017.

**ISTUARY INNOVATION FUND I LIMITED
PARTNERSHIP., by its general partner,
ISTUARY INVESTMENT MANAGEMENT
INC.**

Per: _____


Authorized Signatory

NOTICE OF CONVERSION

81

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

The undersigned, pursuant to Article 27.5(a)(ii) of the Articles of the Company, hereby elects to have all of the Series A Preferred Shares registered in its name converted into an equal number of Common Shares in the capital of the Company as determined pursuant to Article 27.5 of the Articles of the Company and tenders herewith Share Certificate No. AP-5 representing its Series A Preferred Shares to be surrendered for cancellation upon such conversion.

Dated as of this 20 day of September, 2017.

**ISTUARY INNOVATION FUND II LIMITED
PARTNERSHIP**, by its general partner,
**ISTUARY INVESTMENT MANAGEMENT
INC.**

Per: 

Authorized Signatory

NOTICE OF CONVERSION

82

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

The undersigned, pursuant to Article 27.5(a)(ii) of the Articles of the Company, hereby elects to have all of the Series A Preferred Shares registered in its name converted into an equal number of Common Shares in the capital of the Company as determined pursuant to Article 27.5 of the Articles of the Company and tenders herewith Share Certificate No. AP-6 representing its Series A Preferred Shares to be surrendered for cancellation upon such conversion.

Dated as of this 20 day of September, 2017.

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

Per: 

Authorized Signatory


NOTICE OF CONVERSION

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

The undersigned, pursuant to Article 27.5(a)(ii) of the Articles of the Company, hereby elects to have all of the Series A Preferred Shares registered in its name converted into an equal number of Common Shares in the capital of the Company as determined pursuant to Article 27.5 of the Articles of the Company and tenders herewith Share Certificate No. AP-7 representing its Series A Preferred Shares to be surrendered for cancellation upon such conversion.

Dated as of this 20 day of September, 2017.

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

Per: 

Authorized Signatory

PARTICIPATION AGREEMENT**TO:**

All parties who are now or become bound by the SHA (defined below).

BY:

ISTUARY INNOVATION FUND II LIMITED PARTNERSHIP, a limited partnership having an address at 800 – 1125 Howe Street, Vancouver, British Columbia, V6Z 2K8, by its general partner, **ISTUARY INVESTMENT MANAGEMENT INC.**

(the “New Shareholder”)

CONTEXT:

- A. Network Intelligence Inc. (the “Company”) and its shareholders are parties to an Amended and Restated Shareholders' Agreement (the “SHA”) dated July 28, 2016.
- B. Under the terms of the SHA, in addition to certain other restrictions on transfers and issuances of securities of the Company, there can be no Transfer of the Company's securities by any of the Company's shareholders, or any issuance of securities of the Company, to the New Shareholder unless the New Shareholder and, if applicable, the Principal, enter into an agreement in the form of this Participation Agreement (this “Agreement”).
- C. The New Shareholder proposes to acquire from an existing shareholder, or from the Company itself, certain securities of the Company (the “Shares”).
- D. The New Shareholder wishes to become a party to the SHA and to be bound to each of the existing and future parties to the SHA by all the applicable terms and restrictions provided for in the SHA in the same manner as if the New Shareholder was an original Party to the SHA.
- E. The Principal, if applicable, wishes to become a party to the SHA and to be bound to each of the existing and future parties to the SHA by all the applicable terms and restrictions provided for in the SHA in the same manner as if the Principal was an original Party to the SHA.
- F. The Principal, if applicable, and if it is a corporation, also wishes to be bound to each of the existing and future parties to the SHA by the additional terms and restrictions contained in Article 3 below.

IN CONSIDERATION OF the Transfer or issuance of the Shares to the New Shareholder being permitted under the SHA, the New Shareholder and, if applicable, the Principal, agree as follows:

ARTICLE 1.
DEFINED TERMS

1.1 Capitalized terms used but not defined in this Agreement have the meanings given to those terms in the SHA.

ARTICLE 2.
AGREEMENT TO BE BOUND

2.1 The New Shareholder agrees to be bound by all the applicable terms and restrictions provided for in the SHA in the same manner as if the New Shareholder was an original Party to the SHA which had duly executed and delivered the SHA.

2.2 If applicable, and subject to Article 3 below, the Principal agrees to be bound by all the applicable terms and restrictions provided for in the SHA in the same manner as if the Principal was an original Party to the SHA which had duly executed and delivered the SHA.

2.3 The New Shareholder's address for the purposes of the giving of any Communication is as follows:

800 – 1125 Howe Street
Vancouver, British Columbia
V6Z 2K8

If applicable, the Principal's address for the purposes of the giving of any Communication is as follows:

2.4 The provisions of the SHA with respect to governing law, submission to jurisdiction, severability, counterparts and facsimile signatures, as well as the SHA's provisions with respect to independent legal advice, also apply to this Agreement. The New Shareholder and, if applicable, the Principal, acknowledge that they have been provided with a complete copy of the SHA before executing this Agreement.

ARTICLE 3.
REPRESENTATIONS AND WARRANTIES OF CORPORATE PRINCIPALS

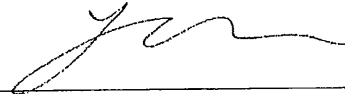
Any Principal which is a corporation makes the following representations and warranties:

- 3.1 it is a corporation duly incorporated, amalgamated or continued, and existing, under the laws of the jurisdiction of its incorporation, amalgamation or continuance, and has all necessary corporate power and capacity to enter into and perform its obligations under this Agreement and the SHA;
- 3.2 it has taken all necessary corporate action to authorize the execution and delivery by it of this Agreement and the performance of its obligations under this Agreement and the SHA;
- 3.3 it has duly executed and delivered this Agreement, and therefore each of this Agreement and the SHA constitutes legal, valid and binding obligations enforceable against it in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies, such as specific performance and injunction, are discretionary remedies;
- 3.4 no authorization, consent, permit or approval of, exemption or other action by, filing with, or notice to, any Governmental Authority is required in connection with the execution and delivery by it of this Agreement or the performance of its obligations under this Agreement and the SHA;
- 3.5 the execution and delivery by it of this Agreement, and the performance of its obligations under this Agreement and the SHA, do not and will not breach or result in a default under:
 - 3.5.1. any of its constating documents;
 - 3.5.2. any law, statute or regulation to which it is subject; or
 - 3.5.3. any contract or covenant by which it is bound; and
- 3.6 it Controls its related New Shareholder.

[Signature page follows]

DATED the 20 day of September, 2017.

**ISTUARY INNOVATION FUND II
LIMITED PARTNERSHIP**, by its general
partner, **ISTUARY INVESTMENT
MANAGEMENT INC.**

Per: 

Authorized Signatory

PARTICIPATION AGREEMENT**TO:**

All parties who are now or become bound by the SHA (defined below).

BY:

ISTUARY INNOVATION FUND III LIMITED PARTNERSHIP, a limited partnership having an address at 800 – 1125 Howe Street, Vancouver, British Columbia, V6Z 2K8, by its general partner, **ISTUARY INVESTMENT MANAGEMENT INC.**

(the "New Shareholder")

CONTEXT:

- A. Network Intelligence Inc. (the "Company") and its shareholders are parties to an Amended and Restated Shareholders' Agreement (the "SHA") dated July 28, 2016.
- B. Under the terms of the SHA, in addition to certain other restrictions on transfers and issuances of securities of the Company, there can be no Transfer of the Company's securities by any of the Company's shareholders, or any issuance of securities of the Company, to the New Shareholder unless the New Shareholder and, if applicable, the Principal, enter into an agreement in the form of this Participation Agreement (this "Agreement").
- C. The New Shareholder proposes to acquire from an existing shareholder, or from the Company itself, certain securities of the Company (the "Shares").
- D. The New Shareholder wishes to become a party to the SHA and to be bound to each of the existing and future parties to the SHA by all the applicable terms and restrictions provided for in the SHA in the same manner as if the New Shareholder was an original Party to the SHA.
- E. The Principal, if applicable, wishes to become a party to the SHA and to be bound to each of the existing and future parties to the SHA by all the applicable terms and restrictions provided for in the SHA in the same manner as if the Principal was an original Party to the SHA.
- F. The Principal, if applicable, and if it is a corporation, also wishes to be bound to each of the existing and future parties to the SHA by the additional terms and restrictions contained in Article 3 below.

IN CONSIDERATION OF the Transfer or issuance of the Shares to the New Shareholder being permitted under the SHA, the New Shareholder and, if applicable, the Principal, agree as follows:

ARTICLE 1.
DEFINED TERMS

1.1 Capitalized terms used but not defined in this Agreement have the meanings given to those terms in the SHA.

ARTICLE 2.
AGREEMENT TO BE BOUND

2.1 The New Shareholder agrees to be bound by all the applicable terms and restrictions provided for in the SHA in the same manner as if the New Shareholder was an original Party to the SHA which had duly executed and delivered the SHA.

2.2 If applicable, and subject to Article 3 below, the Principal agrees to be bound by all the applicable terms and restrictions provided for in the SHA in the same manner as if the Principal was an original Party to the SHA which had duly executed and delivered the SHA.

2.3 The New Shareholder's address for the purposes of the giving of any Communication is as follows:

800 – 1125 Howe Street
Vancouver, British Columbia
V6Z 2K8

If applicable, the Principal's address for the purposes of the giving of any Communication is as follows:

2.4 The provisions of the SHA with respect to governing law, submission to jurisdiction, severability, counterparts and facsimile signatures, as well as the SHA's provisions with respect to independent legal advice, also apply to this Agreement. The New Shareholder and, if applicable, the Principal, acknowledge that they have been provided with a complete copy of the SHA before executing this Agreement.

ARTICLE 3.
REPRESENTATIONS AND WARRANTIES OF CORPORATE PRINCIPALS


Any Principal which is a corporation makes the following representations and warranties:

- 3.1 it is a corporation duly incorporated, amalgamated or continued, and existing, under the laws of the jurisdiction of its incorporation, amalgamation or continuance, and has all necessary corporate power and capacity to enter into and perform its obligations under this Agreement and the SHA;
- 3.2 it has taken all necessary corporate action to authorize the execution and delivery by it of this Agreement and the performance of its obligations under this Agreement and the SHA;
- 3.3 it has duly executed and delivered this Agreement, and therefore each of this Agreement and the SHA constitutes legal, valid and binding obligations enforceable against it in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies, such as specific performance and injunction, are discretionary remedies;
- 3.4 no authorization, consent, permit or approval of, exemption or other action by, filing with, or notice to, any Governmental Authority is required in connection with the execution and delivery by it of this Agreement or the performance of its obligations under this Agreement and the SHA;
- 3.5 the execution and delivery by it of this Agreement, and the performance of its obligations under this Agreement and the SHA, do not and will not breach or result in a default under:
 - 3.5.1. any of its constating documents;
 - 3.5.2. any law, statute or regulation to which it is subject; or
 - 3.5.3. any contract or covenant by which it is bound; and
- 3.6 it Controls its related New Shareholder.

[Signature page follows]

DATED the 20 day of September, 2017.

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

Per: 

Authorized Signatory

PARTICIPATION AGREEMENT**TO:**

All parties who are now or become bound by the SHA (defined below).

BY:

ISTUARY PLATINUM FUND III LIMITED PARTNERSHIP, a limited partnership having an address at 800 – 1125 Howe Street, Vancouver, British Columbia, V6Z 2K8, by its general partner, **ISTUARY INVESTMENT MANAGEMENT INC.**

(the “New Shareholder”)

CONTEXT:

- A. Network Intelligence Inc. (the “Company”) and its shareholders are parties to an Amended and Restated Shareholders' Agreement (the “SHA”) dated July 28, 2016.
- B. Under the terms of the SHA, in addition to certain other restrictions on transfers and issuances of securities of the Company, there can be no Transfer of the Company's securities by any of the Company's shareholders, or any issuance of securities of the Company, to the New Shareholder unless the New Shareholder and, if applicable, the Principal, enter into an agreement in the form of this Participation Agreement (this “Agreement”).
- C. The New Shareholder proposes to acquire from an existing shareholder, or from the Company itself, certain securities of the Company (the “Shares”).
- D. The New Shareholder wishes to become a party to the SHA and to be bound to each of the existing and future parties to the SHA by all the applicable terms and restrictions provided for in the SHA in the same manner as if the New Shareholder was an original Party to the SHA.
- E. The Principal, if applicable, wishes to become a party to the SHA and to be bound to each of the existing and future parties to the SHA by all the applicable terms and restrictions provided for in the SHA in the same manner as if the Principal was an original Party to the SHA.
- F. The Principal, if applicable, and if it is a corporation, also wishes to be bound to each of the existing and future parties to the SHA by the additional terms and restrictions contained in Article 3 below.

IN CONSIDERATION OF the Transfer or issuance of the Shares to the New Shareholder being permitted under the SHA, the New Shareholder and, if applicable, the Principal, agree as follows:

ARTICLE 1.
DEFINED TERMS

1.1 Capitalized terms used but not defined in this Agreement have the meanings given to those terms in the SHA.

ARTICLE 2.
AGREEMENT TO BE BOUND

2.1 The New Shareholder agrees to be bound by all the applicable terms and restrictions provided for in the SHA in the same manner as if the New Shareholder was an original Party to the SHA which had duly executed and delivered the SHA.

2.2 If applicable, and subject to Article 3 below, the Principal agrees to be bound by all the applicable terms and restrictions provided for in the SHA in the same manner as if the Principal was an original Party to the SHA which had duly executed and delivered the SHA.

2.3 The New Shareholder's address for the purposes of the giving of any Communication is as follows:

800 – 1125 Howe Street
Vancouver, British Columbia
V6Z 2K8

If applicable, the Principal's address for the purposes of the giving of any Communication is as follows:

2.4 The provisions of the SHA with respect to governing law, submission to jurisdiction, severability, counterparts and facsimile signatures, as well as the SHA's provisions with respect to independent legal advice, also apply to this Agreement. The New Shareholder and, if applicable, the Principal, acknowledge that they have been provided with a complete copy of the SHA before executing this Agreement.

ARTICLE 3.
REPRESENTATIONS AND WARRANTIES OF CORPORATE PRINCIPALS

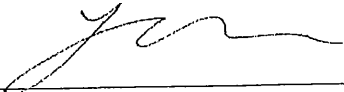
Any Principal which is a corporation makes the following representations and warranties:

- 3.1 it is a corporation duly incorporated, amalgamated or continued, and existing, under the laws of the jurisdiction of its incorporation, amalgamation or continuance, and has all necessary corporate power and capacity to enter into and perform its obligations under this Agreement and the SHA;
- 3.2 it has taken all necessary corporate action to authorize the execution and delivery by it of this Agreement and the performance of its obligations under this Agreement and the SHA;
- 3.3 it has duly executed and delivered this Agreement, and therefore each of this Agreement and the SHA constitutes legal, valid and binding obligations enforceable against it in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies, such as specific performance and injunction, are discretionary remedies;
- 3.4 no authorization, consent, permit or approval of, exemption or other action by, filing with, or notice to, any Governmental Authority is required in connection with the execution and delivery by it of this Agreement or the performance of its obligations under this Agreement and the SHA;
- 3.5 the execution and delivery by it of this Agreement, and the performance of its obligations under this Agreement and the SHA, do not and will not breach or result in a default under:
 - 3.5.1. any of its constating documents;
 - 3.5.2. any law, statute or regulation to which it is subject; or
 - 3.5.3. any contract or covenant by which it is bound; and
- 3.6 it Controls its related New Shareholder.

[Signature page follows]

DATED the 20 day of September, 2017.

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

Per: 

Authorized Signatory

SPECIAL RESOLUTION OF THE VOTING SHAREHOLDERS OF
NETWORK INTELLIGENCE INC. (the "Company")

The undersigned, being all the shareholders entitled to vote at a general meeting of the shareholders of the Company, hereby consent to and adopt the following special resolution:

WHEREAS:

- A. the Company proposes to approve certain transactions and arrangements described in the consent resolutions of the sole director of the Company attached as Schedule "A" hereto (the "Transactions");
- B. the sole director of the Company has, where applicable, disclosed the nature and extent of any conflict of interest he may have in respect of any of the Transactions to the directors and shareholders of the Company in accordance with the *Business Corporations Act* (British Columbia); and
- C. the Transactions are fair and reasonable to the Company.

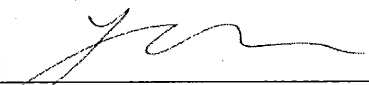
NOW THEREFORE BE IT RESOLVED AS A SPECIAL RESOLUTION THAT the Transactions be and are hereby authorized, ratified, confirmed, and approved.

[Signature page follows]


For greater certainty, this resolution may be delivered by fax, email or other functionally electronic means of transmission.

DATED effective the 20 day of September, 2017.


ISTUARY GROUP HOLDINGS LTD.

Per: 
Authorized Signatory

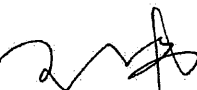
ISTUARY INNOVATION FUND I LIMITED PARTNERSHIP, by its general partner, **ISTUARY INVESTMENT MANAGEMENT INC.**

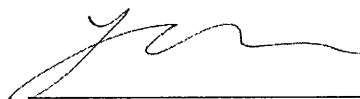
Per: 
Authorized Signatory

ISTUARY INNOVATION FUND II L.P., by its general partner, **ISTUARY INVESTMENT GROUP LLP**

Per: 
Authorized Signatory

ISTUARY TORONTO INNOVATION FUND I LIMITED PARTNERSHIP, by its general partner, **ISTUARY TORONTO CAPITAL INC.**

Per: 
Authorized Signatory

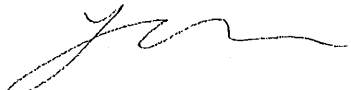


YIAN SUN, acting as the voting trustee for the following shareholders, namely:

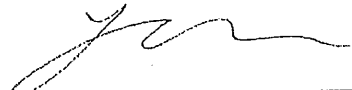
- Tao Zhong
- Wei (Alex) Liu

The following shareholders, being shareholders following the conversion of the Loans (as such term is defined in the consent resolutions of the sole director of the Company attached as Schedule "A" hereto) sign to resolve as to resolutions 5, 6, 7, 8 and 9 of the consent resolutions of the sole director of the Company attached as Schedule "A" hereto:

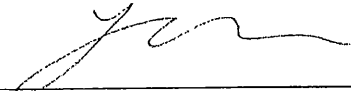
ISTUARY INNOVATION FUND II LIMITED PARTNERSHIP, by its general partner, **ISTUARY INVESTMENT MANAGEMENT INC.**

Per: 
Authorized Signatory

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

Per: 
Authorized Signatory

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

Per: 
Authorized Signatory

SCHEDULE "A"

(See attached)

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

AFFIDAVIT



Barristers & Solicitors
1600 Cathedral Place
925 West Georgia Street
Vancouver, British Columbia
V6C 3L2
Phone: (604) 685-3456
Attention: Sarah Nelligan