

**IN THE MATTER OF THE AMENDED AMENDED PROPOSAL OF
MICROPLANET TECHNOLOGY CORP.
OF THE CITY OF CALGARY
IN THE PROVINCE OF ALBERTA**

SECOND SUPPLEMENTAL REPORT TO THE REPORT OF TRUSTEE ON PROPOSAL

A. INTRODUCTION

1. Deloitte Restructuring Inc. is the Trustee acting in the proposal of MicroPlanet Technology Corp. (“**MTC**” or the “**Company**”), an insolvent company. The original proposal was filed with the Official Receiver on October 3, 2016 pursuant to Part III of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) (the “**Original Proposal**”). The Company’s amended proposal was filed with the Official Receiver on November 21, 2016 (the “**Amended Proposal**”) and was subsequently further amended and filed with the Official Receiver on December 6, 2016 (the “**Amended Amended Proposal**”).
2. The Report of Trustee on Proposal dated December 6, 2016 (the “**Trustee’s Court Report**”) was filed with the Court and forwarded to the Official Receiver on December 6, 2016.
3. The Trustee’s supplemental report to the Trustee’s Court Report dated December 14, 2016 (the “**Supplemental Court Report**”) was filed with the Court on December 14, 2016 and also forwarded to the Official Receiver.
4. On December 14, 2016, the Company’s legal counsel and counsel for Mr. Brett Ironside agreed to adjourn the Court hearing to approve the Amended Amended Proposal that was scheduled to be heard on December 15, 2016. The hearing for the Company’s application to the Court for approval of the Amended Amended Proposal is now scheduled for January 11, 2017.

B. PURPOSE OF THE SECOND SUPPLEMENTAL REPORT AND TERMS OF REFERENCE

5. The purpose of this second supplemental report to the Trustee's Court Report (the "**Second Supplemental Court Report**") is to respond to certain matters set out in the affidavit of Mr. Ironside dated December 13, 2016 (the "**Ironside Affidavit**") which was forwarded to Trustee after business hours on December 13, 2016, to comment on the letters of intent that were set out in the affidavit of Wolfgang Struss sworn December 21, 2016 (the "**Third Struss Affidavit**"), and to provide the Court with additional information with respect to the Company's proposal proceedings.
6. Unless otherwise defined in this Second Supplemental Court Report, capitalized terms will have the meaning ascribed in the Trustee's Court Report and the Supplemental Court Report.
7. In preparing this Second Supplemental Court Report, the Trustee has relied on unaudited financial information, the books and records of the Company and MicroPlanet, Inc. ("**MI**") and discussions with the management of the Company and MI ("**Management**") and certain interested parties and stakeholders. The Trustee has not performed an independent review or audit of the information provided.
8. The Trustee assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this Second Supplemental Court Report.
9. All amounts included herein are in Canadian dollars unless otherwise stated.

C. DISPUTED PROOFS OF CLAIM

10. The Supplemental Court Report detailed the four Objected To Claims in paragraph 12 and the following is an update on these claims:
 - a. The Trustee has been in further discussions with Mr. Cole Harris in connection with his \$425,000 secured claim, which he verbally acknowledged related to debt instruments which were subsequently converted to equity. In addition to the particulars that were appended to Mr. Harris' proof of claim, the Company also provided documentation to support the conversion of the debt to equity. Mr. Harris has not yet formally withdrawn his claim in writing as he

previously indicated he would do and the Trustee will be issuing a formal notice of disallowance of claim if this does not occur.

- b. Mr. Ironside's unsecured claim of \$411,229 concerns an employment related claim that is contingent in nature (the "**Ironside Employment Claim**"). Mr. Ironside states in paragraph four of the Ironside Affidavit that the Company did not make any payment or settlement efforts in respect of the Ironside Employment Claim. In paragraphs 23 to 26 of the Third Struss Affidavit, Mr. Struss states that the Company has defended the Ironside Employment Claim on a number of grounds and advises that "*...I wish to clarify the information provided to Proposal Trustee and confirm that, while Mr. Ironside has taken the procedural steps described in the following paragraph, these steps have not substantively advanced the Ironside Employment Claim against MTC.*" As at the date of this Second Supplemental Report, the Ironside Employment Claim remains classified by the Trustee as a disputed, contingent, and unsecured claim.
 - c. There are no updates to report on the two \$1.00 unsecured claims filed by Mr. Myron Tetreault personally and on behalf of his company, Calafate Holdings Ltd.
11. The Supplemental Court Report detailed the four Unadmitted Claims in paragraph 14 and indicated that these claims would not be admitted for the purposes of voting at the Reconvened General Meeting as no supporting documentation was provided with those claims. The following is an update on the Unadmitted Claims:
- a. In relation to the secured claim of Mr. Ironside for \$425,000 filed before the October 21, 2016 General Meeting without supporting documentation, Mr. Ironside provided certain cheque and loan documentation to the Trustee by email on December 13, 2016, but the supporting documents do not clearly reconcile to the amount being claimed. The Trustee continues to follow up with Mr. Ironside for further information.
 - b. In relation to the secured claim of Ms. Jennifer Ironside of \$50,000 filed on December 1, 2016, the Trustee has made further attempts to contact Ms. Jennifer Ironside but has been unsuccessful. As such, no supporting documentation or further particulars have been provided and the claim remains unadmitted.
 - c. In relation to the unspecified claim of Ms. Toni Ironside with no amount indicated filed on

December 1, 2016, the Trustee has made further attempts to contact Ms. Toni Ironside but has not been successful. As such, no supporting documentation or further particulars have been provided and the claim remains unadmitted.

- d. In relation to the secured claim of Mr. Eric Tremblay of \$50,000 filed on December 1, 2016, the Trustee has made attempts to contact Mr. Tremblay. On December 22, 2016, Mr. Tremblay provided certain documentation to support his claim which the Trustee has reviewed and intends to admit as an unsecured claim, subject to obtaining a revised proof of claim from Mr. Tremblay or the Trustee issuing a notice of revision of claim.
12. The Trustee outlined the results of the voting on the Amended Amended Proposal in the Trustee's Court Report and the Supplemental Court Report and advised that the Amended Amended Proposal was accepted by the requisite majorities of creditors at the Reconvened General Meeting, and included the votes of the Objected To Claims. The Trustee also commented on the theoretical impact on the voting outcome regarding the Amended Amended Proposal at the Reconvened General Meeting, and noted that it would not have been accepted by the requisite majorities of creditors if the Unadmitted Claims were allowed to vote and there were no changes or amendments to the Objected To Claims (assuming that all of the Unadmitted Claims that voted against the proposal were amended to be unsecured claims and that there were no adjustments to or denials of the Objected To Claims). However, that theoretical scenario included the claim of Mr. Harris in the amount of \$425,000 which is not a valid claim and is expected to be withdrawn by Mr. Harris or will be disallowed in full by the Trustee. As set out in paragraph 16 of the Supplemental Court Report, if the claim of Mr. Harris was excluded from the voting, then the number and percentage of votes in favour would be 56% and 71%, respectively, and the Amended Amended Proposal would have still been accepted by the requisite majorities of creditors in such a theoretical scenario.

D. NOTICE OF THE GENERAL MEETING OF CREDITORS AND OTHER CONSULTATIONS

13. Mr. Ironside states in paragraph seven of the Ironside Affidavit that: *"I first received notice of the first meeting of creditors nine days prior to the meeting by an email from a person from Deloitte Restructuring Inc. stating the packages they had sent me had been returned. My address has not*

changed in 8 years and is on many of the historical corporate documents now included in the most recent applications. No mail or courier packages have ever been refused by my family or I.”

14. The Trustee initially used the names and addresses provided by the Company to send the original notice of the proposal and supporting documents (the “**Original Notice**”) on October 4, 2016, but upon receiving the returned mail contacted Mr. Ironside and sent the notice by email on October 12, 2016. All subsequent correspondence to Mr. Ironside has been sent by mail and/or email to both him and/or his legal counsel. The Trustee is of the opinion that Mr. Ironside has been provided with the same correspondence from the Trustee at the same time as all of the other stakeholders, with the exception of the Original Notice which was provided in a reasonable timeframe so as to not have a detrimental impact on his position.
15. The Struss affidavits provide further details on the communication between the Company, the Company’s legal counsel, Mr. Ironside and Mr. Ironside’s legal counsel and the amount of time that has passed since the Original Notice was provided.
16. Mr. Ironside states in paragraph 15 (c) of the Ironside Affidavit that: “*As a significant creditor and stakeholder in MTC, I do not feel I have been consulted in a meaningful way in respect of MTC’s restructuring proceedings and I believe other creditors and stakeholders similarly feel they have not received meaningful consultation.*” The Struss affidavits and related court materials, including the Brief dated December 7, 2016, provide various details around the Company’s attempts to engage with Mr. Ironside since the original meeting of creditors on October 21, 2016. The Trustee has also made further attempts to engage with Mr. Ironside following receipt of a letter dated October 20, 2016 from his legal counsel that raised several concerns with the Proposal (the “**October 20, 2016 Letter**”). Mr. Ironside has not provided any information directly to the Trustee to address his concerns raised in the October 20, 2016 Letter and has not attended any of the creditor meetings or contacted the Trustee to engage in further dialogue regarding those concerns. The Trustee understands that Mr. Ironside has been travelling which may have contributed to the lack of a face-to-face meeting.

E. ASSET VALUATION

17. Paragraphs 19 to 25 of the Supplemental Court Report sought to address the various asset valuation matters raised in the letter from Mr. Tetreault dated December 12, 2016 (the “**Tetreault Letter**”). Mr. Ironside is also disputing the valuation of MI and he states in paragraph 15 (f) of the Ironside affidavit that: “*Lastly, the proposed consideration is not reasonable given the amount that has been invested in the company and technology, the current and undisclosed orders, and the company's future potential.*”
18. Mr. Struss has provided details on the state of MI and its inability to become profitable, raise funds or restructure despite various efforts outlined in paragraphs 23 to 29 of the First Struss Affidavit and in paragraph 10 of the Second Struss Affidavit. The Trustee understands from Management that MI may be able to achieve positive net income within a two year period; however, this is contingent on future events such as MI’s ability to raise additional capital, which is highly speculative and is subject to general business risks.
19. Mr. Struss addresses the undisclosed purchase orders in paragraph 21 of the Third Struss Affidavit where he advises that the only existing purchase orders were previously disclosed in the Trustee’s Report on Proposal dated October 4, 2016 and were also appended to the First Struss Affidavit. Mr. Struss also states that “*MI has no other current or prospective orders, nor have there been any discussions with MI's historical customers regarding future orders*”.

F. DISCLOSURE BY THE COMPANY AND PRIOR OFFERS AND OTHER ALTERNATIVES

20. As outlined in the Supplemental Court Report, the Trustee was not made aware of the initial letter of intent from Dominion Voltage, Inc (“**Dominion**”) in November 2014 (the “**Initial LOI**”) and subsequent offers and discussions (the “**Dominion Discussions**”), but has now been provided with a copy of the related documents, has discussed them with Management and has reviewed the Third Struss Affidavit.
21. Mr. Struss provides various details concerning the Dominion Discussions in paragraphs 4 to 19 of the Third Struss Affidavit. The Trustee’s comments on the Dominion Discussions are as follows:

- a. The Dominion Discussions appeared to be non-binding and nothing was signed or accepted by MI;
 - b. The Initial LOI and revised letter of intent dated December 2014 (the “**Revised LOI**”) were subject to various conditions, additional due diligence, internal approvals and a price was never agreed upon by the parties;
 - c. The conditions related to the Initial LOI and the Revised LOI included the execution of employment or consulting agreements by certain MI employees, accompanied by non-solicitation and non-competition agreements. Further, in paragraphs 13 and 14 of the Third Struss Affidavit, Mr. Struss describes two key technology employees who were unwilling to enter into such agreements with the prospective purchaser, further indicating that a transaction with Dominion may have been difficult to complete;
 - d. The Initial LOI and Revised LOI were subject to earn out agreements and the Revised LOI also contained an additional earn out clause of up to \$2.5 million USD from revenues derived from a potential contract which was subject to Dominion entering into a separate agreement with another entity; and
 - e. The Initial LOI and Revised LOI were conditional on all of the noteholders agreeing to convert their notes to equity and the payment of all material trade creditors. Mr. Struss states in paragraph 14 of the Third Struss Affidavit that: “*MTC and MI simply do not have the resources to complete such a process, nor is there any evidence that all of the Noteholders would have agreed to convert their debt to equity.*”
22. Mr. Struss outlines in paragraph 15 of the Third Struss Affidavit that “*...negotiations reached an impasse*” and “*...Dominion did not believe that MI could raise capital to continue day-to-day operations and survive as a going-concern*”. Paragraph 16 of the Third Struss Affidavit also refers to and also appended a counter-proposal (the “**Counter-Offer**”) made by MI to Dominion dated February 23, 2015, which also describes Dominion as doubting MI’s financial position and ability to operate as a going concern. The Counter-Offer contemplated a secured loan from Dominion to MI in the amount of \$3.0 million in the form of a three-year convertible note, and set out several conditions that we understand Dominion did not agree to accept.

23. The Dominion Discussions, the Initial LOI, the Revised LOI and the Counter Offer do not seem to be a reliable indicator of a value for MI based on the issues and conditions detailed above and the Trustee is not aware of any other more recent offers. In addition, Mr. Struss states in paragraph 20 of the Third Struss Affidavit that he has “...*not been approached by MI's competitors with any expressions of interest in MI's technology*”.
24. The Trustee has reviewed a copy of the letter from the Company's legal counsel to Mr. Ironside's legal counsel dated December 19, 2016 (the “**December 19 Bennett Jones Letter**”), as attached as Exhibit “13” to the Third Struss Affidavit, which sets out, among other things, that “*Mr. Ironside acknowledges that he received notice of MTC's proposal proceedings on about October 12. As such, he has now had over two months to communicate with potential bidders and to prepare and present an offer to MTC. If Mr. Ironside intends to make or knows of a good faith offer for MTC's assets, he should present it. That Mr. Ironside has never made or presented any offer capable of consideration by MTC, notwithstanding our repeated attempts to engage with him in the course of these proceedings, creates a strong adverse inference that no such offer exists.*”
25. The December 19 Bennett Jones Letter continues to state: “*Given the stage of MTC's proposal proceedings, it is necessary that any offer presented by Mr. Ironside be capable of comparison to the Proposal now before the Court; specifically, any such proposal or offer should be an unconditional cash offer, subject only to court approval. This will enable the proposal trustee and MTC to compare any offer made or presented by or on behalf of Mr. Ironside and determine whether it is more favourable to MTC's creditors than the Proposal.*” As at the date of this Second Supplemental Court Report, the Trustee is not aware of any such offer from Mr. Ironside.
26. The affidavit of Mr. Struss sworn January 4, 2017 (the “**Fourth Struss Affidavit**”) makes reference to and encloses additional written correspondence between the Company's legal counsel and Mr. Ironside's legal counsel for the period from December 24, 2016 to January 2, 2017. The Trustee notes the following:
 - a. Pursuant to a request included in that correspondence, the Trustee's legal counsel provided Mr. Ironside's legal counsel with a copy of the independent security opinion that was obtained from Washington State legal counsel and was referred to in paragraph 12 of the Trustee's Court Report. In addition, this security opinion was referenced in section “E” of the Trustee's

Supplemental Report to Creditors that was included in the November 21, 2016 creditor notice package, and was also tabled for review by creditors at the Reconvened General Meeting. A copy of this security opinion is attached hereto as Exhibit "A"; and

- b. That the correspondence also included, among other things, a request from Mr. Ironside's legal counsel for the calling of a MTC shareholder meeting and further adjournment of the January 11, 2017 Court Hearing. The Fourth Struss Affidavit and the enclosed correspondence from MTC's legal counsel contained its reasons for opposing Mr. Ironside's requests.
27. Based on the above, the additional reasons outlined in paragraph 29 of the Supplemental Court Report, and subject to receipt of any offers through Mr. Ironside or others, the Trustee is of the view that there is no clear evidence that an improved offer would be received through a formal sale process, notwithstanding the lack of funding.

G. CONCLUSION

28. As set out above, this Second Supplemental Court Report has been prepared to provide the Court with the Trustee's responses and comments in regards to certain matters set out in the Ironside Affidavit and to provide additional information with respect to the Company's proposal proceedings. The Trustee's recommendation on the Amended Amended Proposal remains unchanged.

Dated at Calgary, this 6th day January, 2017.

DELOITTE RESTRUCTURING INC.,

In its capacity as Trustee under the
Amended Amended Proposal of
MicroPlanet Technology Corp.,
and not in its personal capacity



Per:
Jeff Keeble, CPA, CA, CIRP, LIT, CBV
Senior Vice-President

Exhibit A

November 18, 2016

Deloitte Restructuring Inc.
700, 850 – 2 Street SW
Calgary, Alberta, T2P 0R8, Canada

Ladies and Gentlemen:

You have engaged us as special Washington state counsel to provide you with our legal analysis of certain security interests granted by MicroPlanet, Inc., a Washington corporation (the “*Borrower*”), to Emerald Ventures, Inc., a Washington corporation (the “*Lender*”). We understand that you act as proposal trustee for MicroPlanet Technology Corporation (the “*Parent*”), the Borrower’s parent company, in the Parent’s proposal proceeding under Division I of Canada’s Bankruptcy and Insolvency Act (the “*Parent’s BIA Proposal Proceeding*”) and that you will use the analysis contained in this letter in assessing the proposal (the “*Proposal*”) in the Parent’s BIA Proposal Proceeding.

References in this letter to the “*Washington UCC*” are to the Uniform Commercial Code currently in effect in the State of Washington.

The law covered by the analysis expressed herein is limited to the laws of the State of Washington.

A. Loan Documents and Matters Examined

In connection with this letter, we have examined only the following documents:

A-1 Loan and Security Agreement dated as of June 1, 2016 between Borrower and Lender (the “*June Security Agreement*”), a copy of which is attached as *Exhibit A* to this letter.

A-2 Loan and Security Agreement dated as of August 22, 2016 between Borrower and Lender (the “*August Security Agreement*”), a copy of which is attached as *Exhibit B* to this letter.

A-3 Time stamped copy of Uniform Commercial Code financing statement (the “*Financing Statement*”) naming the Borrower as debtor and the Lender as secured party, which has been filed with the Department of Licensing of the State of Washington (the “*Filing Office*”) in the form attached to the UCC Search Report (as defined below).

A-4 The report of Unisearch Inc. dated November 14, 2016 (the “*UCC Search Report*”), listing Uniform Commercial Code financing statements naming the Borrower as debtor that were on file in the Filing Office as of November 9, 2016.

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A-5 The articles of incorporation of the Borrower, as amended, certified by the Washington Secretary of State as of November 14, 2016 (the “*Articles*”).

A-6 A Certificate of Existence for the Borrower dated November 14, 2016 issued by the Washington Secretary of State.

The documents listed in A-1 and A-2 are herein collectively referred to as the “*Loan Documents*.” All references in this letter to the Loan Documents shall be deemed to refer only to the body of such Loan Documents exclusive of any other instrument incorporated by reference therein.

B. Certain Assumptions

For purposes of this letter, we have relied on the following assumptions without investigation:

B-1 The loans made under the Loan Documents are primarily for commercial, investment or business purposes and not for personal, family or household purposes within the meaning of Revised Code of Washington (“*RCW*”) 19.52.080.

B-2 The Borrower has rights in the personal property in which the Lender has been granted a security interest under the Loan Documents (the “*Collateral*”).

B-3 The descriptions of the Collateral in the Loan Documents and the Financing Statement are accurate and sufficiently describe the property intended to be covered thereby.

B-4 None of the transactions effected by the Loan Documents is a consumer transaction and none of the Collateral is a commercial tort claim, as such terms are defined in Section 9A-102 of the Washington UCC.

B-5 Each of the Loan Documents was duly executed and delivered by the Borrower pursuant to valid authorization thereof by the Borrower’s directors and, if applicable, shareholders. Value has been given to the Borrower under the Loan Documents.

B-6 All conditions precedent to the effectiveness of the Loan Documents have been satisfied or waived.

B-7 At the time of execution and delivery of the Loan Documents and at all times relevant thereafter through the date hereof: (i) the Borrower was duly organized, validly existing and in good standing as a corporation under the laws of the State of Washington; (ii) the Articles were the true, complete and correct articles of incorporation of the Borrower; and (iii) execution and delivery of the Loan Documents were duly authorized by all necessary corporate action on the part of the Borrower and its directors and shareholders. Each of the Loan Documents was duly executed and delivered by the Borrower within 10 days of its date.

B-8 The execution and delivery by the Borrower of, and the performance by the Borrower of its obligations under, each of the Loan Documents has not and will not: (a) contravene any provision of applicable law; (b) violate the Borrower’s Articles or bylaws; (c) breach, or result in a default under, any existing obligation of the Borrower under any material

agreement or instrument to which the Borrower is a party; (d) violate any existing obligation of the Borrower under any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Borrower or its properties; or (e) require any approval, authorization or order of, or filing or qualification with, any governmental authority.

B-9 The Loan Documents remain in full force and effect and have not been satisfied, modified, amended or terminated in whole or in part, whether by contract, course of dealing, course of performance, waiver, estoppel, repayment in full or otherwise.

B-10 The obligations secured by the Loan Documents remain in full force and effect and have not been satisfied, modified, amended, supplemented or terminated prior to the date of this letter, whether by contract, course of dealing, course of performance, waiver, estoppel, repayment in full or otherwise. The Lender has not breached any of its obligations to the Borrower.

B-11 The Financing Statement has been properly filed with the Filing Office and has not been terminated, amended or assigned.

B-12 The UCC Search Report is accurate in all respects and reflects all financing statements naming the Borrower as debtor that are on file with the Filing Office and effective as of the date of this letter.

B-13 The Borrower is a general business entity that is not subject to special regulation or conditions based on the nature of its business, activities or properties.

B-14 The Borrower is not a debtor in any bankruptcy, receivership or other insolvency proceeding.

B-15 We have assumed that the Borrower authorized the filing of the Financing Statement indicating the collateral covered thereby as "all assets" of the debtor. We note that such authorization is not contained in the Loan Documents and we have not seen a separate document authorizing such filing.

B-16 You have advised us and we have therefore assumed that the Obligations (as defined in each of the Loan Documents) consist of \$474,545 in principal advanced by the Lender together with such amounts of interest and other amounts within the definition of Obligations in the Loan Documents that may be owed.

Except for review of the documents listed in Part A of this letter, we have not undertaken any investigation to determine the accuracy of the matters covered by this letter and any limited inquiry undertaken by us during the preparation of this letter should not be regarded as such an investigation. We are not general counsel to the Borrower and are not generally familiar with its affairs, the contracts and agreements to which it is a party, or any litigation, actions or proceedings pending or threatened against it or the Collateral.

C. Opinions

Based on the foregoing examinations and assumptions and subject to the qualifications and exclusions stated below, we are of the opinion that:

C-1 The June Security Agreement creates in the Lender's favor, as security for all obligations of the Borrower under the June Security Agreement that are stated in the June Security Agreement to be so secured, a security interest in the Collateral described therein (except that described only by reference to "all the Borrower's assets" or "all the Borrower's personal property" or words of similar import) to the extent that (i) the Borrower has rights in or the power to transfer such Collateral and (ii) creation of a security interest in such Collateral is governed by Article 9 of the Washington UCC (the "**June Article 9 Collateral**").

C-2 The August Security Agreement creates in the Lender's favor, as security for all obligations of the Borrower under the August Security Agreement that are stated in the August Security Agreement to be so secured, a security interest in the Collateral described therein (except that described only by reference to "all the Borrower's assets" or "all the Borrower's personal property" or words of similar import) to the extent that (i) the Borrower has rights in or the power to transfer such Collateral and (ii) creation of a security interest in such Collateral is governed by Article 9 of the Washington UCC (the "**August Article 9 Collateral**" and together with the June Article 9 Collateral, the "**Article 9 Collateral**").

C-3 Subject to paragraph E-6 of this letter, upon the filing of the Financing Statement with the Filing Office, the Lender acquired a perfected security interest in that portion of the Article 9 Collateral in which a security interest can be perfected by filing a financing statement under the Washington UCC (the "**Filing Collateral**").

C-4 The UCC Search Report sets forth the proper filing office and the proper debtor necessary to identify those persons who under the Washington UCC have on file a financing statement naming the Borrower as debtor covering the Filing Collateral as of November 9, 2016. The UCC Search Report identifies no person or entity having filed in the Filing Office a financing statement covering the Filing Collateral other than the Financing Statement (as defined above) naming the Lender as secured party.

D. Certain Qualifications

The opinions set forth herein are subject to the following qualifications:

D-1 The effect of bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent or avoidable transfer or obligation, and other similar laws affecting the rights and remedies of creditors generally, and the effect of general principles of equity, whether applied by a court of law or equity. In particular, the enforceability of the Loan Documents and the Lender's security interest in the Collateral may be affected by Sections 544, 547 or 548 of the United States Bankruptcy Code (the "**Bankruptcy Code**") and Chapter 19.40 RCW to the extent that the Borrower is deemed to have made a fraudulent transfer or conveyance, or an avoidable

transfer, conveyance or obligation. Such Bankruptcy Code sections would be applicable only if the Borrower were to become the debtor in a bankruptcy case under the Bankruptcy Code.

E. Certain Exclusions and Limitations

The opinions set forth herein are subject to the following matters as to which we express no opinion:

E-1 The perfection of a security interest in: (a) as-extracted collateral or timber to be cut (each as defined in the Washington UCC); (b) Collateral represented by a certificate of title (such as motor vehicles or certain watercraft); (c) Collateral in which a security interest can be perfected only under federal law (including but not limited to registered copyrights, aircraft and federally documented vessels) or foreign law; or (d) other Collateral in which a security interest cannot be perfected by the filing of a financing statement under the Washington UCC (including but not limited to interests in real property, deposit accounts, money and letter of credit rights).

E-2 Except as expressly stated in paragraph C-4, the priority of any lien or security interest, including, without limitation, whether there exists any statutory lien, super-priority lien, or any security interest that has been perfected or achieved enhanced priority by any means other than the filing of a financing statement in the Filing Office.

E-3 Whether any security interest granted in the Loan Documents could be avoided or subordinated in a bankruptcy case of the Borrower as debtor under the Bankruptcy Code.

E-4 Except to the extent such limitation or prohibition is rendered ineffective by Sections 9-406 through 9-409 of the Uniform Commercial Code of any applicable jurisdiction, we express no opinion as to: (a) any purported assignment of, or grant of a security interest in, any contract, agreement, license, permit or other property where such assignment or grant of a security interest, or enforcement thereof, is limited or prohibited by the terms of the same or by any applicable law; (b) whether any of the Loan Documents or the Borrower's execution and delivery of, and the consummation of the transactions effected by, the Loan Documents, or enforcement of any assignment or grant of a security interest contained therein, violate any such limitation or prohibition; or (c) the effect of any such violation.

E-5 Whether any approval, authorization or other action by, or filing with, any governmental authority is required due to the nature of any of the Collateral including, without limitation, any Collateral consisting of alcohol, liquor, food, drugs, tobacco, firearms or defense materials or due to the nature of the Company's business.

E-6 We note certain irregularities in the completion of the Financing Statement, including the omission of a complete mailing address for the debtor, variations in the capitalization of the debtor's name, and the checking of boxes indicating that the Financing Statement is in connection with a public-finance transaction, is filed as a fixture filing and is to be filed [for record] (or recorded) in the real estate records. Although there is no controlling law on the question, we believe that it is more likely than not that a court applying Washington law in a properly presented case would determine that these irregularities constitute minor errors or

omissions that, pursuant to RCW 62A.9A-506, would not cause the Financing Statement to be ineffective to perfect a security interest in the Filing Collateral.

E-7 We express no opinion on the existence, perfection or priority of any lien on any of the Collateral that is not a Uniform Commercial Code security interest perfected by the filing of a financing statement under the Washington UCC. For example, and without limitation, we express no opinion with respect to the existence, perfection or priority of any judgment lien, tax lien, mechanic's or material supplier's lien, or other statutory lien.

E-8 We express no opinion on the continued existence, perfection or priority of any security interest in any proceeds of any Collateral or in any Collateral after its transfer by the Borrower to another person or entity.

E-9 We express no opinion on the existence, perfection or priority of any security interest in any commercial tort claim, as defined in Section 9A-102 of the Washington UCC. We note that, pursuant to Section 9A-108 of the Washington UCC, a description in a security agreement only by type of collateral (*i.e.*, "commercial tort claims") is insufficient to create a security interest in a commercial tort claim.

This letter is delivered as of its date and without any undertaking to advise you of any changes of law or fact that occur after the date of this letter even though the changes may affect the legal analysis, a legal conclusion or information confirmed in this letter. We have no responsibility or obligation to update this letter, to consider its applicability or correctness as to any person other than its addressee or to take into account changes in law, facts or any other development of which we may later become aware.

This letter is rendered only to you and is solely for your benefit in connection with your assessment of the BIA Proposal. This letter may not be used or relied on for any other purpose or by any other person without our prior written consent. A copy of this letter may be provided to creditors of the Parent for their review in connection with their consideration of the BIA Proposal, but no such creditor is entitled to rely on this letter for any purpose. Our attorney-client relationship is only with Deloitte Restructuring Inc. and not with the Borrower, the Parent or any creditor of any thereof.

F. Conclusion

In summary, based on the documents we have reviewed and the assumptions described above, subject to the qualifications, exclusions and other limitations set forth above, and qualified in all respects by the precise language of the opinions expressed in paragraphs C-1 through C-4 above, we are of the opinion that: (i) the Loan Documents create, as security for the obligations that are stated in the Loan Documents to be so secured, a security interest in the Article 9 Collateral; (ii) to the extent the Article 9 Collateral constitutes Filing Collateral, such security interest is

Deloitte Restructuring Inc.
November 18, 2016
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perfected; and (iii) the UCC Search Report reflects no Uniform Commercial Code financing statements filed with the Filing Office other than the Financing Statement.

Very truly yours,

Davis Wright Tremaine LLP

Exhibit A
June Security Agreement

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this "Agreement") dated as of June 01, 2016 (the "Effective Date") between EMERALD VENTURES INC., a Washington corporation ("Lender"), and MICROPLANET, INC., a Washington corporation ("Borrower"), provides the terms on which Lender shall lend to Borrower and Borrower shall repay Lender. The parties agree as follows:

1 ACCOUNTING AND OTHER TERMS

Accounting terms not defined in this Agreement shall be construed following GAAP. Calculations and determinations must be made following GAAP. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in Section 13. All other terms contained in this Agreement, unless otherwise indicated, shall have the meaning provided by the Code to the extent such terms are defined therein.

2 LOAN AND TERMS OF PAYMENT

2.1 Promise to Pay. Borrower hereby unconditionally promises to pay Lender the outstanding principal amount of all Term Loan and accrued and unpaid interest thereon as and when due in accordance with this Agreement.

2.1.1 Term Loan.

(a) Availability. Within ten days following the Effective Date, Lender shall make a term loan to Borrower in the amount of up to \$600,000, which shall be funded in the form of Lender's novation and acceptance of Borrower's indebtedness to various lenders (including but not limited to that certain MicroPlanet Investment Fund established as of November 21, 2014) in an amount of up to \$600,000 (the "Term Loan"), subject to the satisfaction of the terms and conditions of this Agreement.

(b) Repayment. Borrower shall repay all amounts borrowed under Term Loan, plus any and all accrued and unpaid interest with respect to Term Loan, and plus all other sums, if any, that shall have become due and payable hereunder with respect to Term Loan, within the sooner of, (i) thirty (30) days of the completion or dismissal of Borrower's bankruptcy process under the Companies Creditors' Arrangement Act under Canadian law (the "Bankruptcy Process"), (ii) within thirty (30) days of the Lender's notification that the Bankruptcy Process is not, in the Lender's discretion, progressing satisfactorily, (iii) immediately following an Event of Default (as defined below) or (iv) on the one year anniversary of the Effective Date (the "Maturity").

(c) Permitted Prepayment. Provided that no Event of Default has occurred and is continuing, Borrower shall have the option to prepay all, but not less than all, of the outstanding Term Loan, provided Borrower pays to Lender, on the date of such prepayment (A) all outstanding principal plus accrued interest of the Term Loan, and (B) all other sums, if any, that shall have become due and payable.

2.2 Payment of Interest.

(a) Interest Rate. Subject to Section 2.2(b), the principal amounts outstanding under the Term Loan shall accrue interest at a per annum rate equal to 10.0%, which interest shall be payable on Maturity.

(b) **Default Rate.** Immediately upon the occurrence and during the continuance of an Event of Default, Obligations shall bear interest at a rate per annum which is five percentage points (5.00%) above the rate that is otherwise applicable thereto (the "Default Rate") unless Lender otherwise elects from time to time in its sole discretion to impose a smaller increase. Fees and expenses which are required to be paid by Borrower pursuant to this Agreement (including, without limitation, Lender Expenses) but are not paid when due shall bear interest until paid at a rate equal to the highest rate applicable to the Obligations. Payment or acceptance of the increased interest rate provided in this Section 2.2(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Lender.

2.3 Payments; Application of Payments. All payments (including prepayments) to be made by Borrower under this Agreement shall be made in immediately available funds in U.S. Dollars, without setoff or counterclaim, before 12:00 p.m. Pacific time on the date when due. Payments of principal and/or interest received after 12:00 p.m. Pacific time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment shall be due the next Business Day, and additional fees or interest, as applicable, shall continue to accrue until paid. Borrower shall have no right to specify the order or the accounts to which Lender shall allocate or apply any payments required to be made by Borrower to Lender or otherwise received by Lender under this Agreement when any such allocation or application is not specified elsewhere in this Agreement.

3 CONDITIONS OF LOANS

3.1 Conditions Precedent to Term Loan. Lender's obligation to make each Term Loan is subject to the condition precedent that Lender shall have received, in form and substance satisfactory to Lender, such documents, and completion of such other matters, as Lender may reasonably deem necessary or appropriate, including, without limitation:

(a) the perfection certificate of Borrower (in a form acceptable to Lender), together with the duly executed original signature thereto;

(b) the representations and warranties in this Agreement shall be true, accurate, and complete in all material respects on the date of the Term Loan; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date;

(c) no Event of Default shall have occurred and be continuing or result from the Term Loan; and

(d) in Lender's reasonable discretion, there has not been any material impairment in the general affairs, management, results of operation, financial condition or the prospect of repayment of the Obligations, or any material adverse deviation by Borrower from the most recent business plan of Borrower presented to and accepted by Lender.

3.2 Procedures for Borrowing. Subject to the prior satisfaction of all other applicable conditions to the making of any Term Loan set forth in this Agreement, to obtain a Term Loan, Borrower shall notify Lender (which notice shall be irrevocable) by electronic mail, facsimile, or telephone by 12:00 p.m. Pacific time at least five (5) Business Days prior to the date the Term Loan is to be made. Together with any such notification, Borrower shall deliver to Lender by electronic mail or facsimile a

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completed Payment/Advance Form executed by a Responsible Officer or his or her designee in a form reasonably acceptable to Lender.

4 CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest. Borrower hereby grants Lender, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Lender, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof.

4.2 Priority of Security Interest. Borrower represents, warrants, and covenants that the security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral. If Borrower shall acquire a commercial tort claim, Borrower shall promptly notify Lender in a writing signed by Borrower of the general details thereof and grant to Lender in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Lender. If this Agreement is terminated, Lender's Lien in the Collateral shall continue until the Obligations are repaid in full in cash. Upon payment in full in cash of the Obligations and at such time as Lender's obligation to make Term Loan has terminated, Lender shall, at Borrower's sole cost and expense, release its Liens in the Collateral and all rights therein shall revert to Borrower.

4.3 Authorization to File Financing Statements. Borrower hereby authorizes Lender to file financing statements, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Lender's interest or rights hereunder, including a notice that any disposition of the Collateral, by either Borrower or any other Person, shall be deemed to violate the rights of Lender under the Code. Such financing statements shall describe the Collateral using the description set forth on Exhibit A.

5 REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

5.1 Due Organization, Authorization; Power and Authority. Borrower is duly existing as a corporation in the state of Washington and is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its business or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to have a material adverse effect on Borrower's business. The execution, delivery and performance by Borrower of this Agreement has been duly authorized, and does not (i) conflict with any of Borrower's organizational documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law, (iii) contravene, conflict or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which Borrower or any of its property or assets may be bound or affected, (iv) require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority, or (v) constitute an event of default under any material agreement by which Borrower is bound. Borrower is not in default under any agreement to which it is a party or by which it is bound in which the default could reasonably be expected to have a material adverse effect on Borrower's business.

5.2 Collateral. Borrower has good title to, has rights in, and the power to transfer each item of the Collateral upon which it purports to grant a Lien hereunder, free and clear of any and all Liens except Permitted Liens. The Collateral is not in the possession of any third party bailee (such as a warehouse); provided that, Borrower may deliver work-in-process inventory to subcontractors for finishing work in the ordinary course of business. None of the components of the Collateral shall be

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maintained at locations; provided that, Borrower may deliver work-in-process inventory to subcontractors for finishing work in the ordinary course of business. Borrower is the sole owner of the Intellectual Property which it owns or purports to own except for (a) non-exclusive licenses granted to its customers in the ordinary course of business and (b) over-the-counter software that is commercially available to the public. Each Patent which it owns or purports to own and which is material to Borrower's business is valid and enforceable, and no part of the Intellectual Property which Borrower owns or purports to own and which is material to Borrower's business has been judged invalid or unenforceable, in whole or in part. To the best of Borrower's knowledge, no claim has been made that any part of the Intellectual Property violates the rights of any third party except to the extent such claim would not reasonably be expected to have a material adverse effect on Borrower's business.

5.3 Litigation. There are no actions or proceedings pending or, to the knowledge of the Responsible Officers, threatened by or against Borrower, except for the Bankruptcy Process.

5.4 Tax Returns and Payments. Borrower has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower. Borrower may defer payment of any contested taxes, provided that Borrower (a) in good faith contests its obligation to pay the taxes by appropriate proceedings promptly and diligently instituted and conducted, (b) notifies Lender in writing of the commencement of, and any material development in, the proceedings, (c) posts bonds or takes any other steps required to prevent the governmental authority levying such contested taxes from obtaining a Lien upon any of the Collateral that is other than a "Permitted Lien". Borrower is unaware of any claims or adjustments proposed for any of Borrower's prior tax years which could result in additional taxes becoming due and payable by Borrower.

5.5 Use of Proceeds. Borrower shall use the proceeds of the Term Loan solely as working capital and to fund the Bankruptcy Process.

6 AFFIRMATIVE COVENANTS

Borrower shall do all of the following, for so long as there are outstanding any Obligations:

6.1 Government Compliance.

(a) Maintain its legal existence in its jurisdiction of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to have a material adverse effect on Borrower's business or operations. Borrower shall comply with all laws, ordinances and regulations to which it is subject, noncompliance with which could have a material adverse effect on Borrower's business.

(b) Obtain all of the Governmental Approvals necessary for the performance by Borrower of its obligations under this Agreement and the grant of a security interest to Lender in all of its property. Borrower shall promptly provide copies of any such obtained Governmental Approvals to Lender.

6.2 Financial Statements, Reports, Certificates. Deliver to Lender:

(a) Monthly Financial Statements. As soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated balance sheet, income statement and statement of cash flows covering Borrower's consolidated operations for such month certified by a Responsible Officer and in a form acceptable to Lender;

(b) Legal Action Notice. A prompt report of any legal actions pending or threatened in writing against Borrower or any of its Subsidiaries that could result in damages or costs to Borrower or any of its Subsidiaries of, individually or in the aggregate, \$100,000 or more, including but not limited to the Canadian Bankruptcy Process;

(c) Intellectual Property Notice. Prompt written notice of (i) any material change in the composition of the Intellectual Property, (ii) the registration of any copyright, including any subsequent ownership right of Borrower in or to any copyright, patent or trademark not previously disclosed in writing to Lender, and (iii) Borrower's knowledge of an event that could reasonably be expected to materially and adversely affect the value of the Intellectual Property;

(d) Budgets and Projections. Prior to the end of each fiscal year of Borrower, deliver to Lender (A) annual operating budgets (including income statements, balance sheets and cash flow statements, by month) for the upcoming fiscal year of Borrower, and (B) annual financial projections for the upcoming fiscal year (on a quarterly basis), as approved by Borrower's board of directors, together with any related business forecasts used in the preparation of such annual financial projections; and

(e) Other Financial Information. Other financial information reasonably requested by Lender.

6.3 Inventory; Returns. Keep all Inventory in good and marketable condition, free from material defects. Returns and allowances between Borrower and its Account Debtors shall follow Borrower's customary practices as they exist at the Effective Date. Borrower must promptly notify Lender of all returns, recoveries, disputes and claims that involve more than One Hundred Thousand Dollars (\$100,000).

6.4 Taxes. Timely file, and require each of its Subsidiaries to timely file, all required tax returns and reports and timely pay, and require each of its Subsidiaries to timely pay, all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower, and shall deliver to Lender, on demand, appropriate certificates attesting to such payments.

6.5 Insurance. Keep its business and the Collateral insured for risks and in amounts standard for companies in Borrower's industry and location and as Lender may reasonably request. Insurance policies shall be in a form, with companies, and in amounts that are satisfactory to Lender.

6.6 Protection of Intellectual Property Rights. (i) Protect, defend and maintain the validity and enforceability of its Intellectual Property; (ii) promptly advise Lender in writing of material infringements of its Intellectual Property; and (iii) not allow any Intellectual Property material to Borrower's business to be abandoned, forfeited or dedicated to the public without Lender's written consent. If Borrower (i) obtains any patent, registered trademark or servicemark, registered copyright, registered mask work, or any pending application for any of the foregoing, whether as owner, licensee or otherwise, or (ii) applies for any patent or the registration of any trademark, servicemark or copyright, then Borrower shall immediately provide written notice thereof to Lender. Borrower shall promptly provide to Lender copies of all applications that it files for patents or for the registration of trademarks, servicemarks, copyrights or mask works.

6.7 Litigation Cooperation. From the date hereof and continuing through the termination of this Agreement, make available to Lender, without expense to Lender, Borrower and its officers, employees and agents and Borrower's books and records, to the extent that Lender may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against

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Lender with respect to any Collateral or relating to Borrower, including but not limited to the Bankruptcy Process.

6.8 Access to Collateral; Books and Records. Allow Lender, or its agents, at reasonable times, on one (1) Business Day's notice (provided no notice is required if an Event of Default has occurred and is continuing), to inspect the Collateral and audit and copy Borrower's books and records.

6.9 Further Assurances. Execute any further instruments and take further action as Lender reasonably requests to perfect or continue Lender's Lien in the Collateral or to effect the purposes of this Agreement. Deliver to Lender, within five (5) days after the same are sent or received, copies of all correspondence, reports, documents and other filings with any Governmental Authority regarding compliance with or maintenance of Governmental Approvals or Requirements of Law or that could reasonably be expected to have a material effect on any of the Governmental Approvals or otherwise on the operations of Borrower or any of its Subsidiaries.

7 NEGATIVE COVENANTS

Borrower shall not do any of the following without Lender's prior written consent, for so long as there are outstanding any Obligations:

7.1 Dispositions. Convey, sell, lease, transfer, assign, or otherwise dispose of (collectively, "Transfer") all or any part of its business or property, except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn-out or obsolete Equipment; and (c) of non-exclusive licenses for the use of the property of Borrower in the ordinary course of business.

7.2 Changes in Business, Ownership, or Business Locations. (a) Engage in any business other than the businesses currently engaged in by Borrower or reasonably related thereto; (b) liquidate or dissolve; or (c) enter into any transaction or series of related transactions in which the stockholders of Borrower who were not stockholders immediately prior to the first such transaction own more than 50% of the voting stock of Borrower immediately after giving effect to such transaction or related series of such transactions (other than by the sale of Borrower's equity securities in a public offering or to venture capital investors so long as Borrower identifies to Lender the venture capital investors prior to the closing of the transaction and provides to Lender a description of the material terms of the transaction).

Borrower shall not, without at least thirty (30) days prior written notice to Lender: (1) add any new offices or business locations, including warehouses (unless such new offices or business locations contain less than Twenty-Five Thousand Dollars (\$25,000) in Borrower's assets or property) or deliver any portion of the Collateral valued, individually or in the aggregate, in excess of Fifty Thousand Dollars (\$50,000) to a bailee, (2) change its jurisdiction of organization, (3) change its organizational structure or type, (4) change its legal name, or (5) change any organizational number (if any) assigned by its jurisdiction of organization. If Borrower intends to deliver any portion of the Collateral valued, individually or in the aggregate, in excess of Fifty Thousand Dollars (\$50,000) to a bailee, Borrower will first receive the written consent of Lender, and such bailee shall execute and deliver a bailee agreement in form and substance satisfactory to Lender in its sole discretion.

7.3 Mergers or Acquisitions. Merge or consolidate with any other Person, or acquire all or substantially all of the capital stock or property of another Person (including, without limitation, by the formation of any subsidiary).

7.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness, other than Permitted Indebtedness.

7.5 Encumbrance. Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, except for Permitted Liens, permit any Collateral not to be subject to the first priority security interest granted herein, or enter into any agreement, document, instrument or other arrangement (except with or in favor of Lender) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's Intellectual Property.

7.6 Distributions; Investments. (a) Pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock.

7.7 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower.

8 EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an "Event of Default") under this Agreement:

8.1 Payment Default. Borrower fails to (a) make any payment of principal or interest on any Term Loan on its due date, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable;

8.2 Covenant Default.

(a) Borrower fails or neglects to perform any its obligations or violates any covenant under this Agreement; or

(b) Borrower fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement, and as to any default (other than those specified in this Section 8) under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within ten (10) days after the occurrence thereof. Cure periods provided under this section shall not apply, among other things, to financial covenants or any other covenants set forth in clause (a) above;

8.3 Material Adverse Change. A Material Adverse Change occurs;

8.4 Attachment; Levy; Restraint on Business. A notice of lien or levy is filed against any of Borrower's assets by any government agency, and the same is not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise);

8.5 Insolvency. The Lender's notification that the Bankruptcy Process is not, in the Lender's discretion, progressing satisfactorily;

8.6 Judgments. Other than arising from the Bankruptcy Process, one or more final judgments, orders, or decrees for the payment of money shall be rendered against Borrower and the same are not, within ten (10) days after the entry thereof, discharged or execution thereof stayed or bonded pending appeal, or such judgments are not discharged prior to the expiration of any such stay; or

8.7 Misrepresentations. Borrower or any Person acting for Borrower makes any representation, warranty, or other statement now or later in this Agreement or in any writing delivered to

Lender or to induce Lender to enter this Agreement, and such representation, warranty, or other statement is incorrect in any material respect when made.

9 LENDER'S RIGHTS AND REMEDIES

9.1 Rights and Remedies. If an Event of Default has occurred and is continuing, Lender may, without notice or demand, do any or all of the following:

(a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations are immediately due and payable without any action by Lender);

(b) verify the amount of, demand payment of and performance under, and collect any Accounts and General Intangibles, settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Lender considers advisable, and notify any Person owing Borrower money of Lender's security interest in such funds;

(c) make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral. Borrower shall assemble the Collateral if Lender requests and make it available as Lender designates. Lender may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Lender a license to enter and occupy any of its premises, without charge, to exercise any of Lender's rights or remedies;

(d) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral. Lender is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrower's labels, Patents, Copyrights, mask works, rights of use of any name, trade secrets, trade names, Trademarks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Lender's exercise of its rights under this Section, Borrower's rights under all licenses and all franchise agreements inure to Lender's benefit;

(e) demand and receive possession of Borrower's books and records; and

(f) exercise all rights and remedies available to Lender under this Agreement or at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof).

9.2 Power of Attorney. Borrower hereby irrevocably appoints Lender as its lawful attorney-in-fact, exercisable upon the occurrence and during the continuance of an Event of Default, to: (a) endorse Borrower's name on any checks or other forms of payment or security; (b) sign Borrower's name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) settle and adjust disputes and claims about the Accounts directly with Account Debtors, for amounts and on terms Lender determines reasonable; (d) make, settle, and adjust all claims under Borrower's insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, and adverse claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Lender or a third party as the Code permits. Borrower hereby appoints Lender as its lawful attorney-in-fact to sign Borrower's name on any documents necessary to perfect or continue the perfection of Lender's security interest in the Collateral regardless of whether an Event of Default has occurred until all Obligations have been satisfied in full and

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Lender is under no further obligation to make Term Loan hereunder. Lender's foregoing appointment as Borrower's attorney in fact, and all of Lender's rights and powers, coupled with an interest, are irrevocable until all Obligations have been fully repaid and performed and Lender's obligation to provide Term Loan terminates.

9.3 Protective Payments. If Borrower fails to pay any insurance premium or fails to pay any other amount which Borrower is obligated to pay under this Agreement, Lender may obtain such insurance or make such payment, and all amounts so paid by Lender are immediately due and payable by Borrower, bearing interest at the then highest rate applicable to the Obligations, and secured by the Collateral. Lender will make reasonable efforts to provide Borrower with notice of Lender obtaining such insurance at the time it is obtained or within a reasonable time thereafter. No payments by Lender are deemed an agreement to make similar payments in the future or Lender's waiver of any Event of Default.

9.4 Application of Payments and Proceeds Upon Default. If an Event of Default has occurred and is continuing, Lender may apply any funds in its possession, whether from Borrower account balances, payments, proceeds realized as the result of any collection of Accounts or other disposition of the Collateral, or otherwise, to the Obligations in such order as Lender shall determine in its sole discretion. Any surplus shall be paid to Borrower or other Persons legally entitled thereto; Borrower shall remain liable to Lender for any deficiency. If Lender, in its good faith business judgment, directly or indirectly enters into a deferred payment or other credit transaction with any purchaser at any sale of Collateral, Lender shall have the option, exercisable at any time, of either reducing the Obligations by the principal amount of the purchase price or deferring the reduction of the Obligations until the actual receipt by Lender of cash therefor.

9.5 Lender's Liability for Collateral. So long as Lender complies with reasonable lending practices regarding the safekeeping of the Collateral in the possession or under the control of Lender, Lender shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Borrower bears all risk of loss, damage or destruction of the Collateral.

9.6 No Waiver; Remedies Cumulative. Lender's failure, at any time or times, to require strict performance by Borrower of any provision of this Agreement shall not waive, affect, or diminish any right of Lender thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by the party granting the waiver and then is only effective for the specific instance and purpose for which it is given. Lender's rights and remedies under this Agreement re cumulative. Lender has all rights and remedies provided under the Code, by law, or in equity. Lender's exercise of one right or remedy is not an election and shall not preclude Lender from exercising any other remedy under this Agreement or other remedy available at law or in equity, and Lender's waiver of any Event of Default is not a continuing waiver. Lender's delay in exercising any remedy is not a waiver, election, or acquiescence.

9.7 Demand Waiver. Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Lender on which Borrower is liable.

10 NOTICES

All notices, consents, requests, approvals, demands, or other communication by any party to this Agreement must be in writing and shall be deemed to have been validly served, given, or delivered: (a)

upon the earlier of actual receipt and three (3) Business Days after deposit in the mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by electronic mail or facsimile transmission; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Lender or Borrower may change its mailing or electronic mail address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower: MicroPlanet, Inc.
26285 Twelve Trees Lane NW, Suite 161
Poulsbo, WA 98370
Attn: Wolfgang Struss

If to Lender: Emerald Ventures Inc.
60 Helm Lane
Port Ludlow, WA 98365
Attn: Wayne Smith

11 CHOICE OF LAW, VENUE, JURY TRIAL WAIVER, AND JUDICIAL REFERENCE

Regardless of any pending bankruptcy process (including the Bankruptcy Process), Washington law governs this Agreement and any security provided without regard to principles of conflicts of law. Except to the extent that Lender may expressly consent to jurisdiction of the Canadian Bankruptcy Process, Borrower and Lender each submit to the exclusive jurisdiction of the State and Federal courts in King County, Washington; provided, however, that nothing in this Agreement shall be deemed to operate to preclude Lender from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Lender. Borrower expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Borrower hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in, or subsequently provided by Borrower in accordance with, Section 10 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or three (3) days after deposit in the mails, proper postage prepaid.

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND LENDER EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR BOTH PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY, if the above waiver of the right to a

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trial by jury is not enforceable, the parties hereto agree that any and all disputes or controversies of any nature between them arising at any time shall be decided by a reference to a private judge, mutually selected by the parties (or, if they cannot agree, by the Presiding Judge of the King County, Washington Superior Court) appointed in accordance with the Washington Rules of Civil Procedure (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts), sitting without a jury, in King County, Washington; and the parties hereby submit to the jurisdiction of such court. The reference proceedings shall be conducted pursuant to and in accordance with the provisions of Washington Rules of Civil Procedure. The private judge shall have the power, among others, to grant provisional relief, including without limitation, entering temporary restraining orders, issuing preliminary and permanent injunctions and appointing receivers. All such proceedings shall be closed to the public and confidential and all records relating thereto shall be permanently sealed. If during the course of any dispute, a party desires to seek provisional relief, but a judge has not been appointed at that point pursuant to the judicial reference procedures, then such party may apply to the King County, Washington Superior Court for such relief. The proceeding before the private judge shall be conducted in the same manner as it would be before a court under the rules of evidence applicable to judicial proceedings. The parties shall be entitled to discovery which shall be conducted in the same manner as it would be before a court under the rules of discovery applicable to judicial proceedings. The private judge shall oversee discovery and may enforce all discovery rules and orders applicable to judicial proceedings in the same manner as a trial court judge. The parties agree that the selected or appointed private judge shall have the power to decide all issues in the action or proceeding, whether of fact or of law, and shall report a statement of decision thereon. Nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral, or obtain provisional remedies. The private judge shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph.

12 GENERAL PROVISIONS

12.1 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not assign this Agreement or any rights or obligations under it without Lender's prior written consent (which may be granted or withheld in Lender's discretion). Lender has the right, without the consent of or notice to Borrower, to sell, transfer, assign, negotiate, or grant participation in all or any part of, or any interest in, Lender's obligations, rights, and benefits under this Agreement.

12.2 Indemnification. Borrower agrees to indemnify, defend and hold Lender and its directors, officers, employees, agents, attorneys, or any other Person affiliated with or representing Lender (each, an "Indemnified Person") harmless against: (a) all obligations, demands, claims, and liabilities (collectively, "Claims") claimed or asserted by any other party in connection with the transactions contemplated by this Agreement; and (b) all losses or expenses in any way suffered, incurred, or paid by such Indemnified Person as a result of, following from, consequential to, or arising from transactions between Lender and Borrower (including reasonable attorneys' fees and expenses), except for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct.

12.3 Time of Essence. Time is of the essence for the performance of all Obligations in this Agreement.

12.4 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.5 Amendments in Writing; Waiver; Integration. No purported amendment or modification of this Agreement, or waiver, discharge or termination of any obligation under this Agreement, shall be enforceable or admissible unless, and only to the extent, expressly set forth in a writing signed by the party against which enforcement or admission is sought. Without limiting the generality of the foregoing, no oral promise or statement, nor any action, inaction, delay, failure to require performance or course of conduct shall operate as, or evidence, an amendment, supplement or waiver or have any other effect on this Agreement. Any waiver granted shall be limited to the specific circumstance expressly described in it, and shall not apply to any subsequent or other circumstance, whether similar or dissimilar, or give rise to, or evidence, any obligation or commitment to grant any further waiver. This Agreement represents the entire agreement about this subject matter and supersedes prior negotiations or agreements.

12.6 Survival. All covenants, representations and warranties made in this Agreement continue in full force until this Agreement has terminated pursuant to its terms and all Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been paid in full and satisfied. The obligation of Borrower in Section 12.2 to indemnify the Indemnified Persons shall survive until all statutes of limitation with respect to the Claims, losses and expenses for which indemnity is given shall have run.

12.7 Attorneys' Fees, Costs and Expenses. In any action or proceeding between Borrower and Lender arising out of or relating to this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and other costs and expenses incurred, in addition to any other relief to which it may be entitled.

12.8 Construction of Agreement. The parties mutually acknowledge that both they and their attorneys have participated in the preparation and negotiation of this Agreement. In cases of uncertainty this Agreement shall be construed without regard to which of the parties caused the uncertainty to exist.

12.9 Relationship. The relationship of the parties to this Agreement is determined solely by the provisions of this Agreement. The parties do not intend to create any agency, partnership, joint venture, trust, fiduciary or other relationship with duties or incidents different from those of parties to an arm's-length contract.

12.10 Third Parties. Nothing in this Agreement, whether express or implied, is intended to: (a) confer any benefits, rights or remedies under or by reason of this Agreement on any persons other than the express parties to it and their respective permitted successors and assigns; (b) relieve or discharge the obligation or liability of any person not an express party to this Agreement; or (c) give any person not an express party to this Agreement any right of subrogation or action against any party to this Agreement.

13 DEFINITIONS

13.1 Definitions. As used in this Agreement, the word "shall" is mandatory, the word "may" is permissive, the word "or" is not exclusive, the words "includes" and "including" are not limiting, the singular includes the plural, and numbers denoting amounts that are set off in brackets are negative. As used in this Agreement, the following capitalized terms have the following meanings:

"Affiliate" is, with respect to any Person, each other Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person's managers and members.

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"Business Day" is any day that is not a Saturday or Sunday.

"Code" is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of Washington; provided, that, to the extent that the Code is used to define any term herein and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Lender's Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of Washington, the term **"Code"** shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

"Collateral" is any and all properties, rights and assets of Borrower described on Exhibit A.

"Contingent Obligation" is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation, in each case, directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but **"Contingent Obligation"** does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

"Copyrights" are any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

"GAAP" is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

"Governmental Approval" is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

"Governmental Authority" is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central Lender or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

"Indebtedness" is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, and (d) Contingent Obligations.

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"Insolvency Proceeding" is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including in Canada, also including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"Intellectual Property" means all of Borrower's right, title, and interest in and to the following:

- (a) its Copyrights, Trademarks and Patents;
- (b) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know-how, operating manuals;
- (c) any and all source code;
- (d) any and all design rights which may be available to a Borrower;
- (e) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above; and
- (f) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

"Lender Expenses" are all audit fees and expenses, costs, and expenses (including reasonable attorneys' fees and expenses) for preparing, amending, negotiating, administering, defending and enforcing this Agreement (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred with respect to Borrower.

"Lien" is a claim, mortgage, deed of trust, levy, charge, pledge, security interest or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

"Material Adverse Change" is (a) a material impairment in the perfection or priority of Lender's Lien in the Collateral or in the value of such Collateral; (b) a material adverse change in the business, operations, or condition (financial or otherwise) of Borrower; or (c) a material impairment of the prospect of repayment of any portion of the Obligations.

"Obligations" are Borrower's obligations to pay when due any debts, principal, interest, Lender Expenses and other amounts Borrower owes Lender now or later, whether under this Agreement or otherwise, including, without limitation, all obligations relating to letters of credit (including reimbursement obligations for drawn and undrawn letters of credit), cash management services, and foreign exchange contracts, if any, and including interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Lender, and to perform Borrower's duties under this Agreement.

"Patents" means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

"Permitted Indebtedness" is Borrower's Indebtedness to Lender under this Agreement and unsecured Indebtedness to trade creditors incurred in the ordinary course of business.

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"Permitted Liens" are:

(a) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and for which Borrower maintains adequate reserves on its Books, provided that no notice of any such Lien has been filed or recorded under the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder;

(b) Liens of carriers, warehousemen, suppliers, or other Persons that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to Inventory, securing liabilities in the aggregate amount not to exceed Twenty Five Thousand Dollars (\$25,000) and which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto; and

(c) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA).

"Person" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"Requirement of Law" is as to any Person, the organizational or governing documents of such Person, and any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer" is any of the Chief Executive Officer, President, Chief Financial Officer and Controller of Borrower.

"Securities Account" is any "securities account" as defined in the Code with such additions to such term as may hereafter be made.

"Trademarks" means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

(signature page follows)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

BORROWER:

MICROPLANET, INC.

By: Wolfgang Struss
Name: Wolfgang Struss
Title: CEO

LENDER:

EMERALD VENTURES INC.

By: Wayne Smith
Name: Wayne Smith
Title: CEO

(Signature page to Loan and Security Agreement)

EXHIBIT A – COLLATERAL DESCRIPTION

The Collateral consists of all of Borrower's right, title and interest in and to the following personal property:

All goods, Accounts (including receivables), Equipment, Inventory, Intellectual Property, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles, commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

All Borrower's books and records relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Exhibit B
August Security Agreement

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this "Agreement") dated as of August 22, 2016 (the "Effective Date") between EMERALD VENTURES INC., a Washington corporation ("Lender"), and MICROPLANET, INC., a Washington corporation ("Borrower"), provides the terms on which Lender shall lend to Borrower and Borrower shall repay Lender. The parties agree as follows:

1 ACCOUNTING AND OTHER TERMS

Accounting terms not defined in this Agreement shall be construed following GAAP. Calculations and determinations must be made following GAAP. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in Section 12. All other terms contained in this Agreement, unless otherwise indicated, shall have the meaning provided by the Code to the extent such terms are defined therein.

2 LOAN AND TERMS OF PAYMENT

2.1 Purpose of the Loan. Borrower agrees to use the proceeds of the Loan Amount (as defined below) for the specific purpose of completing the manufacturing of products for which Borrower has received that certain Purchase Order #4500669870 (the "Purchase Order") and for such other purposes as necessary to maintain operations of Borrower. The customer payment dates and amounts of the Purchase Order are set forth below:

SAPN	PO 4500669870	11/18/2016	\$ 31,220.57
		12/17/2016	\$ 31,220.57
		01/14/2017	\$ 31,220.57
		02/11/2017	\$ 31,220.57
		03/11/2017	\$ 31,220.57
		04/08/2017	\$ 31,220.57
		05/06/2017	<u>\$ 15,610.29</u>
		TOTAL	\$182,640.51

2.2 Promise to Pay. Borrower hereby unconditionally promises to pay Lender the Loan Amount (as defined below), all accrued and unpaid interest thereon, and the Loan Fee (as defined below), as and when due in accordance with this Agreement.

2.2.1 Loan.

(a) Availability. Within fifteen days following the Effective Date, Lender shall make a loan to Borrower in the amount of \$100,000 (the "Loan Amount"), subject to the satisfaction of the terms and conditions of this Agreement.

(b) Repayment. In consideration for Lender's loan of the Loan Amount to Borrower pursuant to the terms of this Agreement, Borrower hereby agrees to pay Lender the following amounts at the following times: (i) the Loan Amount, which shall be paid on an installment basis from 80% of the proceeds of each payment to Borrower with respect to the Purchase Order (as set forth above) not later than five days following Borrower's receipt of such payment under the Purchase Order until the Loan Amount is paid in full, provided that, if not earlier paid in full, the Loan Amount shall be paid in full as of the Maturity Date (as defined below); (ii) a loan fee of \$15,000 (the "Loan Fee"), which shall be paid on

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the earlier of May 15, 2017 or an Event of Default (the "Maturity Date"); plus (iii) interest on the outstanding portion of the Loan Amount at a rate of 12% per annum ("Interest").

(c) Permitted Prepayment. Borrower shall have the option to prepay all, but not less than all, of the outstanding Loan Amount, Loan Fee and Interest.

2.3 Payments; Application of Payments. All payments (including prepayments) to be made by Borrower under this Agreement shall be made in immediately available funds in U.S. Dollars, without setoff or counterclaim, before 12:00 p.m. Pacific time on the date when due. Payments of principal and/or interest received after 12:00 p.m. Pacific time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment shall be due the next Business Day, and additional fees or interest, as applicable, shall continue to accrue until paid. Borrower shall have no right to specify the order or the accounts to which Lender shall allocate or apply any payments required to be made by Borrower to Lender or otherwise received by Lender under this Agreement when any such allocation or application is not specified elsewhere in this Agreement.

3 CREATION OF SECURITY INTEREST

3.1 Grant of Security Interest. Borrower hereby grants Lender, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Lender, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. The foregoing security interest is subordinate to the security interest granted to Lender pursuant to that certain Loan and Security Agreement dated as of June 1, 2016 between Lender and Borrower (the "Prior Loan Agreement").

3.2 Priority of Security Interest. Borrower represents, warrants, and covenants that the security interest granted herein is and shall at all times continue to be a second priority perfected security interest in the Collateral, subordinate only to the security interest granted pursuant to the Prior Loan Agreement. If Borrower shall acquire a commercial tort claim, Borrower shall promptly notify Lender in a writing signed by Borrower of the general details thereof and grant to Lender in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Lender. If this Agreement is terminated, Lender's Lien in the Collateral shall continue until the Obligations are repaid in full in cash. Upon payment in full in cash of the Obligations, Lender shall, at Borrower's sole cost and expense, release its Liens in the Collateral and all rights therein shall revert to Borrower.

3.3 Authorization to File Financing Statements. Borrower hereby authorizes Lender to file financing statements, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Lender's interest or rights hereunder, including a notice that any disposition of the Collateral, by either Borrower or any other Person, shall be deemed to violate the rights of Lender under the Code. Such financing statements shall describe the Collateral using the description set forth on Exhibit A.

4 REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

4.1 Due Organization, Authorization; Power and Authority. Borrower is duly existing as a corporation in the state of Washington and is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its business or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to have a material

adverse effect on Borrower's business. The execution, delivery and performance by Borrower of this Agreement has been duly authorized, and does not (i) conflict with any of Borrower's organizational documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law, (iii) contravene, conflict or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which Borrower or any of its property or assets may be bound or affected, (iv) require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority, or (v) constitute an event of default under any material agreement by which Borrower is bound. Borrower is not in default under any agreement to which it is a party or by which it is bound in which the default could reasonably be expected to have a material adverse effect on Borrower's business.

4.2 Collateral. Borrower has good title to, has rights in, and the power to transfer the Collateral upon which it purports to grant a Lien hereunder, free and clear of any and all Liens except Permitted Liens, but subject to the senior security interest in the Collateral granted pursuant to the Prior Loan Agreement.

4.3 Litigation. There are no actions or proceedings pending or, to the knowledge of the Responsible Officers, threatened by or against Borrower, except for Borrower's bankruptcy process under the Companies Creditors' Arrangement Act under Canadian law (the "Bankruptcy Process").

4.4 Tax Returns and Payments. Borrower has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower. Borrower may defer payment of any contested taxes, provided that Borrower (a) in good faith contests its obligation to pay the taxes by appropriate proceedings promptly and diligently instituted and conducted, (b) notifies Lender in writing of the commencement of, and any material development in, the proceedings, (c) posts bonds or takes any other steps required to prevent the governmental authority levying such contested taxes from obtaining a Lien upon any of the Collateral that is other than a "Permitted Lien". Borrower is unaware of any claims or adjustments proposed for any of Borrower's prior tax years which could result in additional taxes becoming due and payable by Borrower.

5 AFFIRMATIVE COVENANTS

Borrower shall do all of the following, for so long as there are outstanding any Obligations:

5.1 Government Compliance.

(a) Maintain its legal existence in its jurisdiction of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to have a material adverse effect on Borrower's business or operations. Borrower shall comply with all laws, ordinances and regulations to which it is subject, noncompliance with which could have a material adverse effect on Borrower's business.

(b) Obtain all of the Governmental Approvals necessary for the performance by Borrower of its obligations under this Agreement and the grant of a security interest to Lender in all of its property. Borrower shall promptly provide copies of any such obtained Governmental Approvals to Lender.

5.2 Financial Statements, Reports, Certificates. Deliver to Lender:

(a) Monthly Financial Statements. As soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated balance sheet, income statement

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and statement of cash flows covering Borrower's consolidated operations for such month certified by a Responsible Officer and in a form acceptable to Lender;

(b) Legal Action Notice. A prompt report of any legal actions pending or threatened in writing against Borrower or any of its Subsidiaries that could result in damages or costs to Borrower or any of its Subsidiaries of, individually or in the aggregate, \$100,000 or more, including but not limited to the Bankruptcy Process; and

(c) Other Financial Information. Other financial information reasonably requested by Lender.

5.3 Inventory; Returns. Keep all Inventory in good and marketable condition, free from material defects. Returns and allowances between Borrower and its Account Debtors shall follow Borrower's customary practices as they exist at the Effective Date. Borrower must promptly notify Lender of all returns, recoveries, disputes and claims that involve more than One Hundred Thousand Dollars (\$100,000).

5.4 Taxes. Timely file, and require each of its Subsidiaries to timely file, all required tax returns and reports and timely pay, and require each of its Subsidiaries to timely pay, all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower, and shall deliver to Lender, on demand, appropriate certificates attesting to such payments.

5.5 Insurance. Keep its business and the Collateral insured for risks and in amounts standard for companies in Borrower's industry and location and as Lender may reasonably request. Insurance policies shall be in a form, with companies, and in amounts that are satisfactory to Lender.

5.6 Protection of Intellectual Property Rights. (i) Protect, defend and maintain the validity and enforceability of its Intellectual Property; (ii) promptly advise Lender in writing of material infringements of its Intellectual Property; and (iii) not allow any Intellectual Property material to Borrower's business to be abandoned, forfeited or dedicated to the public without Lender's written consent. If Borrower (i) obtains any patent, registered trademark or servicemark, registered copyright, registered mask work, or any pending application for any of the foregoing, whether as owner, licensee or otherwise, or (ii) applies for any patent or the registration of any trademark, servicemark or copyright, then Borrower shall immediately provide written notice thereof to Lender. Borrower shall promptly provide to Lender copies of all applications that it files for patents or for the registration of trademarks, servicemarks, copyrights or mask works.

5.7 Litigation Cooperation. From the date hereof and continuing through the termination of this Agreement, make available to Lender, without expense to Lender, Borrower and its officers, employees and agents and Borrower's books and records, to the extent that Lender may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against Lender with respect to any Collateral or relating to Borrower, including but not limited to the Bankruptcy Process.

5.8 Access to Collateral; Books and Records. Allow Lender, or its agents, at reasonable times, on one (1) Business Day's notice (provided no notice is required if an Event of Default has occurred and is continuing), to inspect the Collateral and audit and copy Borrower's books and records.

5.9 Further Assurances. Execute any further instruments and take further action as Lender reasonably requests to perfect or continue Lender's Lien in the Collateral or to effect the purposes of this Agreement. Deliver to Lender, within five (5) days after the same are sent or received, copies of all

correspondence, reports, documents and other filings with any Governmental Authority regarding compliance with or maintenance of Governmental Approvals or Requirements of Law or that could reasonably be expected to have a material effect on any of the Governmental Approvals or otherwise on the operations of Borrower or any of its Subsidiaries.

6 NEGATIVE COVENANTS

Borrower shall not do any of the following without Lender's prior written consent, for so long as there are outstanding any Obligations:

6.1 Dispositions. Convey, sell, lease, transfer, assign, or otherwise dispose of (collectively, "Transfer") all or any part of its business or property, except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn-out or obsolete Equipment; and (c) of non-exclusive licenses for the use of the property of Borrower in the ordinary course of business.

6.2 Changes in Business, Ownership, or Business Locations. (a) Engage in any business other than the businesses currently engaged in by Borrower or reasonably related thereto; (b) liquidate or dissolve; or (c) enter into any transaction or series of related transactions in which the stockholders of Borrower who were not stockholders immediately prior to the first such transaction own more than 50% of the voting stock of Borrower immediately after giving effect to such transaction or related series of such transactions (other than by the sale of Borrower's equity securities in a public offering or to venture capital investors so long as Borrower identifies to Lender the venture capital investors prior to the closing of the transaction and provides to Lender a description of the material terms of the transaction).

Borrower shall not, without at least thirty (30) days prior written notice to Lender: (1) add any new offices or business locations, including warehouses (unless such new offices or business locations contain less than Twenty-Five Thousand Dollars (\$25,000) in Borrower's assets or property) or deliver any portion of the Collateral valued, individually or in the aggregate, in excess of Fifty Thousand Dollars (\$50,000) to a bailee, (2) change its jurisdiction of organization, (3) change its organizational structure or type, (4) change its legal name, or (5) change any organizational number (if any) assigned by its jurisdiction of organization. If Borrower intends to deliver any portion of the Collateral valued, individually or in the aggregate, in excess of Fifty Thousand Dollars (\$50,000) to a bailee, Borrower will first receive the written consent of Lender, and such bailee shall execute and deliver a bailee agreement in form and substance satisfactory to Lender in its sole discretion.

6.3 Mergers or Acquisitions. Merge or consolidate with any other Person, or acquire all or substantially all of the capital stock or property of another Person (including, without limitation, by the formation of any subsidiary).

6.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness, other than Permitted Indebtedness.

6.5 Encumbrance. Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, except for Permitted Liens, permit any Collateral not to be subject to the first priority security interest granted herein, or enter into any agreement, document, instrument or other arrangement (except with or in favor of Lender) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's Intellectual Property.

6.6 Distributions; Investments. (a) Pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock.

6.7 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower.

7 EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an "Event of Default") under this Agreement:

7.1 Payment Default. Borrower fails to (a) make any payment of Loan Amount, the Loan Fee or Interest on its due date, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable;

7.2 Covenant Default.

(a) Borrower fails or neglects to perform any its obligations or violates any covenant under this Agreement; or

(b) Borrower fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement, and as to any default (other than those specified in this Section 7) under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within ten (10) days after the occurrence thereof. Cure periods provided under this Section 7 shall not apply, among other things, to financial covenants or any other covenants set forth in clause (a) above;

7.3 Material Adverse Change. A Material Adverse Change occurs;

7.4 Attachment; Levy; Restraint on Business. A notice of lien or levy is filed against any of Borrower's assets by any government agency, and the same is not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise);

7.5 Insolvency. The Lender's notification that the Bankruptcy Process is not, in the Lender's discretion, progressing satisfactorily;

7.6 Judgments. Other than arising from the Bankruptcy Process, one or more final judgments, orders, or decrees for the payment of money shall be rendered against Borrower and the same are not, within ten (10) days after the entry thereof, discharged or execution thereof stayed or bonded pending appeal, or such judgments are not discharged prior to the expiration of any such stay; or

7.7 Misrepresentations. Borrower or any Person acting for Borrower makes any representation, warranty, or other statement now or later in this Agreement or in any writing delivered to Lender or to induce Lender to enter this Agreement, and such representation, warranty, or other statement is incorrect in any material respect when made.

8 LENDER'S RIGHTS AND REMEDIES

8.1 Rights and Remedies. If an Event of Default has occurred and is continuing, Lender may, without notice or demand, do any or all of the following:

(a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 7.5 occurs all Obligations are immediately due and payable without any action by Lender);

(b) verify the amount of, demand payment of and performance under, and collect any Accounts and General Intangibles, settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Lender considers advisable, and notify any Person owing Borrower money of Lender's security interest in such funds;

(c) make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral. Borrower shall assemble the Collateral if Lender requests and make it available as Lender designates. Lender may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Lender a license to enter and occupy any of its premises, without charge, to exercise any of Lender's rights or remedies;

(d) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral. Lender is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrower's labels, Patents, Copyrights, mask works, rights of use of any name, trade secrets, trade names, Trademarks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Lender's exercise of its rights under this Section, Borrower's rights under all licenses and all franchise agreements inure to Lender's benefit;

(e) demand and receive possession of Borrower's books and records; and

(f) exercise all rights and remedies available to Lender under this Agreement or at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof).

8.2 Power of Attorney. Borrower hereby irrevocably appoints Lender as its lawful attorney-in-fact, exercisable upon the occurrence and during the continuance of an Event of Default, to: (a) endorse Borrower's name on any checks or other forms of payment or security; (b) sign Borrower's name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) settle and adjust disputes and claims about the Accounts directly with Account Debtors, for amounts and on terms Lender determines reasonable; (d) make, settle, and adjust all claims under Borrower's insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, and adverse claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Lender or a third party as the Code permits. Borrower hereby appoints Lender as its lawful attorney-in-fact to sign Borrower's name on any documents necessary to perfect or continue the perfection of Lender's security interest in the Collateral regardless of whether an Event of Default has occurred until all Obligations have been satisfied in full and Lender is under no further obligation to make the loan hereunder. Lender's foregoing appointment as Borrower's attorney in fact, and all of Lender's rights and powers, coupled with an interest, are irrevocable until all Obligations have been fully repaid and performed.

8.3 Protective Payments. If Borrower fails to pay any insurance premium or fails to pay any other amount which Borrower is obligated to pay under this Agreement, Lender may obtain such insurance or make such payment, and all amounts so paid by Lender are immediately due and payable by Borrower, bearing interest at the then highest rate applicable to the Obligations, and secured by the

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Collateral. Lender will make reasonable efforts to provide Borrower with notice of Lender obtaining such insurance at the time it is obtained or within a reasonable time thereafter. No payments by Lender are deemed an agreement to make similar payments in the future or Lender's waiver of any Event of Default.

8.4 Application of Payments and Proceeds Upon Default. If an Event of Default has occurred and is continuing, Lender may apply any funds in its possession, whether from Borrower account balances, payments, proceeds realized as the result of any collection of Accounts or other disposition of the Collateral, or otherwise, to the Obligations in such order as Lender shall determine in its sole discretion. Any surplus shall be paid to Borrower or other Persons legally entitled thereto; Borrower shall remain liable to Lender for any deficiency. If Lender, in its good faith business judgment, directly or indirectly enters into a deferred payment or other credit transaction with any purchaser at any sale of Collateral, Lender shall have the option, exercisable at any time, of either reducing the Obligations by the principal amount of the purchase price or deferring the reduction of the Obligations until the actual receipt by Lender of cash therefor.

8.5 Lender's Liability for Collateral. So long as Lender complies with reasonable lending practices regarding the safekeeping of the Collateral in the possession or under the control of Lender, Lender shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Borrower bears all risk of loss, damage or destruction of the Collateral.

8.6 No Waiver; Remedies Cumulative. Lender's failure, at any time or times, to require strict performance by Borrower of any provision of this Agreement shall not waive, affect, or diminish any right of Lender thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by the party granting the waiver and then is only effective for the specific instance and purpose for which it is given. Lender's rights and remedies under this Agreement re cumulative. Lender has all rights and remedies provided under the Code, by law, or in equity. Lender's exercise of one right or remedy is not an election and shall not preclude Lender from exercising any other remedy under this Agreement or other remedy available at law or in equity, and Lender's waiver of any Event of Default is not a continuing waiver. Lender's delay in exercising any remedy is not a waiver, election, or acquiescence.

8.7 Demand Waiver. Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Lender on which Borrower is liable.

9 NOTICES

All notices, consents, requests, approvals, demands, or other communication by any party to this Agreement must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by electronic mail or facsimile transmission; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Lender or Borrower may change its mailing or electronic mail address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 9.

If to Borrower: MicroPlanet, Inc.
26285 Twelve Trees Lane NW, Suite 161
Poulsbo, WA 98370
Attn: Wolfgang Struss

If to Lender: Emerald Ventures Inc.
60 Helm Lane
Port Ludlow, WA 98365
Attn: Wayne Smith

10 CHOICE OF LAW, VENUE, JURY TRIAL WAIVER, AND JUDICIAL REFERENCE

Regardless of any pending bankruptcy process (including the Bankruptcy Process), Washington law governs this Agreement and any security provided without regard to principles of conflicts of law. Except to the extent that Lender may expressly consent to jurisdiction of the Bankruptcy Process, Borrower and Lender each submit to the exclusive jurisdiction of the State and Federal courts in King County, Washington; provided, however, that nothing in this Agreement shall be deemed to operate to preclude Lender from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Lender. Borrower expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Borrower hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in, or subsequently provided by Borrower in accordance with, Section 9 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or three (3) days after deposit in the mails, proper postage prepaid.

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND LENDER EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR BOTH PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY, if the above waiver of the right to a trial by jury is not enforceable, the parties hereto agree that any and all disputes or controversies of any nature between them arising at any time shall be decided by a reference to a private judge, mutually selected by the parties (or, if they cannot agree, by the Presiding Judge of the King County, Washington Superior Court) appointed in accordance with the Washington Rules of Civil Procedure (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts), sitting without a jury, in King County, Washington; and the parties hereby submit to the jurisdiction of such court. The reference proceedings shall be conducted pursuant to and in accordance with the provisions of Washington Rules of Civil Procedure. The private judge shall have the power, among others, to grant provisional relief, including without limitation, entering temporary restraining

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orders, issuing preliminary and permanent injunctions and appointing receivers. All such proceedings shall be closed to the public and confidential and all records relating thereto shall be permanently sealed. If during the course of any dispute, a party desires to seek provisional relief, but a judge has not been appointed at that point pursuant to the judicial reference procedures, then such party may apply to the King County, Washington Superior Court for such relief. The proceeding before the private judge shall be conducted in the same manner as it would be before a court under the rules of evidence applicable to judicial proceedings. The parties shall be entitled to discovery which shall be conducted in the same manner as it would be before a court under the rules of discovery applicable to judicial proceedings. The private judge shall oversee discovery and may enforce all discovery rules and orders applicable to judicial proceedings in the same manner as a trial court judge. The parties agree that the selected or appointed private judge shall have the power to decide all issues in the action or proceeding, whether of fact or of law, and shall report a statement of decision thereon. Nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral, or obtain provisional remedies. The private judge shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph.

11 GENERAL PROVISIONS

11.1 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not assign this Agreement or any rights or obligations under it without Lender's prior written consent (which may be granted or withheld in Lender's discretion). Lender has the right, without the consent of or notice to Borrower, to sell, transfer, assign, negotiate, or grant participation in all or any part of, or any interest in, Lender's obligations, rights, and benefits under this Agreement.

11.2 Indemnification. Borrower agrees to indemnify, defend and hold Lender and its directors, officers, employees, agents, attorneys, or any other Person affiliated with or representing Lender (each, an "Indemnified Person") harmless against: (a) all obligations, demands, claims, and liabilities (collectively, "Claims") claimed or asserted by any other party in connection with the transactions contemplated by this Agreement; and (b) all losses or expenses in any way suffered, incurred, or paid by such Indemnified Person as a result of, following from, consequential to, or arising from transactions between Lender and Borrower (including reasonable attorneys' fees and expenses), except for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct.

11.3 Time of Essence. Time is of the essence for the performance of all Obligations in this Agreement.

11.4 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

11.5 Amendments in Writing; Waiver; Integration. No purported amendment or modification of this Agreement, or waiver, discharge or termination of any obligation under this Agreement, shall be enforceable or admissible unless, and only to the extent, expressly set forth in a writing signed by the party against which enforcement or admission is sought. Without limiting the generality of the foregoing, no oral promise or statement, nor any action, inaction, delay, failure to require performance or course of conduct shall operate as, or evidence, an amendment, supplement or waiver or have any other effect on this Agreement. Any waiver granted shall be limited to the specific circumstance expressly described in it, and shall not apply to any subsequent or other circumstance, whether similar or dissimilar, or give rise to, or evidence, any obligation or commitment to grant any further waiver. This

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Agreement represents the entire agreement about this subject matter and supersedes prior negotiations or agreements.

11.6 Survival. All covenants, representations and warranties made in this Agreement continue in full force until this Agreement has terminated pursuant to its terms and all Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been paid in full and satisfied. The obligation of Borrower in Section 11.2 to indemnify the Indemnified Persons shall survive until all statutes of limitation with respect to the Claims, losses and expenses for which indemnity is given shall have run.

11.7 Attorneys' Fees, Costs and Expenses. In any action or proceeding between Borrower and Lender arising out of or relating to this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and other costs and expenses incurred, in addition to any other relief to which it may be entitled.

11.8 Construction of Agreement. The parties mutually acknowledge that both they and their attorneys have participated in the preparation and negotiation of this Agreement. In cases of uncertainty this Agreement shall be construed without regard to which of the parties caused the uncertainty to exist.

11.9 Relationship. The relationship of the parties to this Agreement is determined solely by the provisions of this Agreement. The parties do not intend to create any agency, partnership, joint venture, trust, fiduciary or other relationship with duties or incidents different from those of parties to an arm's-length contract.

11.10 Third Parties. Nothing in this Agreement, whether express or implied, is intended to: (a) confer any benefits, rights or remedies under or by reason of this Agreement on any persons other than the express parties to it and their respective permitted successors and assigns; (b) relieve or discharge the obligation or liability of any person not an express party to this Agreement; or (c) give any person not an express party to this Agreement any right of subrogation or action against any party to this Agreement.

12 DEFINITIONS

12.1 Definitions. As used in this Agreement, the word "shall" is mandatory, the word "may" is permissive, the word "or" is not exclusive, the words "includes" and "including" are not limiting, the singular includes the plural, and numbers denoting amounts that are set off in brackets are negative. As used in this Agreement, the following capitalized terms have the following meanings:

"Affiliate" is, with respect to any Person, each other Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person's managers and members.

"Business Day" is any day that is not a Saturday or Sunday.

"Code" is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of Washington; provided, that, to the extent that the Code is used to define any term herein and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Lender's Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of Washington, the term "Code" shall mean the Uniform Commercial

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Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

"Collateral" is all of Borrower's right, title and interest in and to the Purchase Order and all proceeds of the Purchase Order.

"Contingent Obligation" is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation, in each case, directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but "Contingent Obligation" does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

"Copyrights" are any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

"GAAP" is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

"Governmental Approval" is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

"Governmental Authority" is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central Lender or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

"Indebtedness" is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, and (d) Contingent Obligations.

"Insolvency Proceeding" is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including in Canada, also including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"Intellectual Property" means all of Borrower's right, title, and interest in and to the following:

- (a) its Copyrights, Trademarks and Patents;
- (b) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know-how, operating manuals;
- (c) any and all source code;
- (d) any and all design rights which may be available to a Borrower;
- (e) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above; and
- (f) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

"Lender Expenses" are all audit fees and expenses, costs, and expenses (including reasonable attorneys' fees and expenses) for preparing, amending, negotiating, administering, defending and enforcing this Agreement (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred with respect to Borrower.

"Lien" is a claim, mortgage, deed of trust, levy, charge, pledge, security interest or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

"Material Adverse Change" means: (a) a material impairment in the perfection or priority of Lender's Lien in the Collateral or in the value of such Collateral; (b) a material adverse change in the business, operations, or condition (financial or otherwise) of Borrower; or (c) a material impairment of the prospect of repayment of any portion of the Obligations.

"Obligations" are Borrower's obligations to pay when due any debts, principal, interest, Lender Expenses and other amounts Borrower owes Lender now or later, whether under this Agreement or otherwise, including, without limitation, all obligations relating to letters of credit (including reimbursement obligations for drawn and undrawn letters of credit), cash management services, and foreign exchange contracts, if any, and including interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Lender, and to perform Borrower's duties under this Agreement.

"Patents" means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

"Permitted Indebtedness" is Borrower's Indebtedness to Lender under this Agreement and unsecured Indebtedness to trade creditors incurred in the ordinary course of business.

"Permitted Liens" are:

- (a) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and for which Borrower maintains adequate reserves on its Books, provided that no notice of any such Lien has been filed or recorded under the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder;

(b) Liens of carriers, warehousemen, suppliers, or other Persons that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to Inventory, securing liabilities in the aggregate amount not to exceed Twenty Five Thousand Dollars (\$25,000) and which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto; and

(c) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA).

"Person" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"Requirement of Law" is as to any Person, the organizational or governing documents of such Person, and any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer" is any of the Chief Executive Officer, President, Chief Financial Officer and Controller of Borrower.

(signature page follows)

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

BORROWER:

MICROPLANET, INC.

By: Wolfgang Struss
Name: Wolfgang Struss
Title: CEO

LENDER:

EMERALD VENTURES INC.

By: Wayne Smith
Name: Wayne Smith
Title: CEO

(Signature page to Loan and Security Agreement)

Exhibit C
UCC Search Report



1780 Barnes Blvd SW, Tumwater, WA 98512-0410
 Ph: (360) 956-9500 or (800) 722-0708 Fax: (360) 956-9504 or (800) 531-1717

WASHINGTON FINAL RESULTS REPORT

Search Date: Monday, November 14, 2016

Truncated Search Name: **MICROP** Effective Index Date: **11/09/2016**

SUBJECT SEARCH NAME: MICROPLANET, INC.

A search of the indices of the Uniform Commercial Code Division of the Washington Department of Licensing that finds, there are no active UCC's or Federal Tax Liens of record other than those set out below through the effective index date above. We assume no liability with respect to the identity of any party named or referred to in this report, nor with respect to the validity, legal effect or priority of any matter shown herein. Certification can only be obtained through the office of the Washington Department of Licensing.

UCC FILING: 201620166262

Type	Filing #	Filed	Category	Action	Expires
ORIG	201620166262	7/19/2016	PublicFinance	N/A	7/19/2021

DEBTOR:

(ORIG)
 MICROPLANET, INC.
 POULSBO, WA 98370

SECURED PARTIES:

(ORIG)
 EMERALD VENTURES, INC.
 % CAIRNCROSS & HEMPLEMANN, 524 2ND AVE, STE. 500
 SEATTLE, WA 98104

END OF REPORT

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) Wayne Smith 425-329-9852
B. E-MAIL CONTACT AT FILER (optional) wsmith@seeksystems.com
C. SEND ACKNOWLEDGMENT TO: (Name and Address) Wayne Smith 425-329-9852 Emerald Ventures, Inc. 60 Helm Ln. Port Ludlow WA USA 98365

Date of Filing : 07/19/2016
Time of Filing : 01:15:00 PM
File Number : 2016-201-6626-2
Lapse Date : 07/19/2021

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME Microplanet, Inc.					
OR	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
1c. MAILING ADDRESS		CITY Poulsbo	STATE WA	POSTAL CODE 98370	COUNTRY USA

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME					
OR	2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME Emerald Ventures, Inc.					
OR	3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
3c. MAILING ADDRESS		CITY Seattle	STATE WA	POSTAL CODE 98104	COUNTRY USA

4. COLLATERAL: This financing statement covers the following collateral:
All assets of MicroPlanet, Inc., tangible or intangibles, including but not limited to, receivables, inventory, tools and test equipment, patents and copyrights.

5. Check <u>only</u> if applicable and check <u>only</u> one box: Collateral is <input type="checkbox"/> held in a Trust (see UCC1Ad, Item 17 and Instructions) <input type="checkbox"/> being administered by a Decedent's Personal Representative	
6a. Check <u>only</u> if applicable and check <u>only</u> one box: <input checked="" type="checkbox"/> Public-Finance Transaction <input type="checkbox"/> Manufactured-Home Transaction <input type="checkbox"/> A Debtor is a Transmitting Utility	
6b. Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Agricultural Lien <input type="checkbox"/> Non-UCC Filing	
7. ALTERNATIVE DESIGNATION (if applicable): <input type="checkbox"/> Lessee/Lessor <input type="checkbox"/> Consignee/Consignor <input type="checkbox"/> Seller/Buyer <input type="checkbox"/> Bailee/Bailor <input type="checkbox"/> Licensee/Licenser	
8. OPTIONAL FILER REFERENCE DATA:	

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here

Date of Filing : 07/19/2016
Time of Filing : 01:15:00 PM
File Number : 2016-201-6626-2
Lapse Date : 07/19/2021

9a. ORGANIZATION'S NAME Microplanet, Inc.	
OR	
9b. INDIVIDUAL'S SURNAME	
FIRST PERSONAL NAME	
ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME	
OR	
10b. INDIVIDUAL'S SURNAME	
INDIVIDUAL'S FIRST PERSONAL NAME	
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME			
OR			
11b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

13. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable)

14. This FINANCING STATEMENT:

covers timber to be cut covers as-extracted collateral is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):

16. Description of real estate:

17. MISCELLANEOUS: