

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	Asset Purchase Agreement

CONVEYING PARTY DATA

Name	Execution Date
NewStep Networks Inc.	06/03/2009

RECEIVING PARTY DATA

Name:	4515218 Canada Inc.
Street Address:	105 Adelaide Street West
City:	Toronto
State/Country:	CANADA
Postal Code:	M5H 1P9

PROPERTY NUMBERS Total: 13

Property Type	Number
Patent Number:	6236722
Patent Number:	6226289
Patent Number:	6097804
Patent Number:	6493444
Patent Number:	6839422
Patent Number:	6724876
Patent Number:	6766009
Patent Number:	7206582
Patent Number:	7289805
Application Number:	11833332
Application Number:	11461649
Patent Number:	7636431
Application Number:	11424930

CORRESPONDENCE DATA

CH \$520.00 6236722

Fax Number: (613)787-3558
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
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Email: aarmstrongbaker@blg.com
Correspondent Name: BORDEN LADNER GERVAIS LLP
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Address Line 2: 100 QUEEN STREET SUITE 1100
Address Line 4: OTTAWA, CANADA K1P 1J9

ATTORNEY DOCKET NUMBER:

GP 25799

NAME OF SUBMITTER:

Angie Armstrong-Baker

Total Attachments: 17

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ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made as of June 3, 2009 by and between NewStep Networks Inc., a corporation incorporated under the laws of Canada (the "Vendor") and 4515218 Canada Inc., a corporation incorporated under the laws of Canada (the "Purchaser").

WHEREAS the Vendor is in the business of researching, developing, promoting, marketing and selling telecom products and services including, but not limited to hardware, software and services (the "Business");

AND WHEREAS the Vendor wishes to sell, and the Purchaser wishes to purchase, all of the undertaking and assets of the Vendor and the Purchaser has agreed to assume the debts, liabilities and obligations of the Vendor upon the terms and subject to the conditions hereinafter contained;

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

ARTICLE 1 INTERPRETATION

1.1 **Defined Terms.** In this Agreement and in the schedules, unless there is something in the subject matter or context which makes such meaning inconsistent, the following terms and expressions will have the following meanings:

- (a) "Applicable Laws" means all applicable domestic and foreign federal, provincial, municipal or local laws, statutes or ordinances, all applicable rules, regulations or the like promulgated under or pursuant to such laws, statutes or ordinances and all applicable governmental authorizations or orders or the like issued or rendered by any Governmental Body under or pursuant to any such laws, statutes, ordinances, rules or regulations;
- (b) "Assumed Contracts" means all contracts, agreements, licenses, independent contractor agreements, undertakings, engagements, purchase orders and other commitments relating to the Business of the Vendor or the Purchased Assets and all benefits thereto;
- (c) "Assumed Liabilities" means all of the Liabilities of the Vendor accrued prior to the Closing Time or relating to the Business or the Purchased Assets following the Closing Time, other than the Excluded Liabilities;
- (d) "Books and Records" means all books and records of the Vendor, other than the Business Books and Records, including without limitation:
 - (i) the minute book and other corporate records of the Vendor; and
 - (ii) all information, data, documents, books, records, reports, tax returns, assessments, and reassessments relating to income tax matters in respect of the Vendor;
- (e) "Business Books and Records" has the meaning given in subparagraph (viii) of the definition of "Purchased Assets";
- (f) "Business Day" means any day other than a day which is a Saturday, a Sunday or a statutory

holiday in Ottawa or Toronto, Ontario;

- (g) **"Claim Notice"** has the meaning given in Section 7.1(a) hereof;
- (h) **"Claim or Claims"** means actions, causes of actions, suits, debts, dues, sums of money, Liabilities, general damages, special damages, costs, claims, proceedings and demands of every nature and kind to which a Purchaser Indemnified Party may be entitled to be indemnified under the terms and provisions of this Agreement;
- (i) **"Closing Date"** means June 3, 2009 or such other date as may be agreed to by the parties;
- (j) **"Closing Time"** means the time of closing on the Closing Date;
- (k) **"Collateral Documents"** has the meaning set out in Section 3.1(d) hereof.
- (l) **"Condition"** of the Business means the condition of the assets, liabilities, operations, activities, earnings, prospects, affairs or financial position of the Business;
- (m) **"Customer Contracts"** means any and all oral or written agreements entered into between the Vendor and one or more Third Parties relating to the sale or provision of goods or services by the Vendor to such Third Parties, including unfilled orders, commitments and other engagements by or with such Third Parties;
- (n) **"Demand"** has the meaning ascribed thereto in Section 6.2(a) hereof;
- (o) **"Encumbrances"** means mortgages, charges, pledges, security interests, liens, encumbrances, actions, claims, demands and equities of any nature whatsoever or howsoever arising and any rights or privileges capable of becoming any of the foregoing;
- (p) **"Excluded Assets"** means all Books and Records of the Vendor, including the minute books of the Vendor, other than the Business Books and Records;
- (q) **"Excluded Liabilities"** means any liabilities, debts or obligations of the Vendor, other than the Assumed Liabilities, whether present or future, absolute or contingent and whether or not relating to the Business or Purchased Assets, including, but not limited to, (A) any amount owing by the Vendor to NewStep Networks (US) Inc. (other than the portion which is included in the Assumed Liabilities) and (B) any tax liability arising under the laws of Ontario or Canada for any taxation year of the Vendor commencing on or after the Closing Date;
- (r) **"Governmental Body"** means any applicable court or tribunal in any jurisdiction or any federal, provincial, municipal or other governmental body, agency, authority, department, commission, stock exchange, board, instrumentality official or tribunal thereof;
- (s) **"Indemnity"** means the indemnity given by the Purchaser as set forth and described in Article 6 hereof;
- (t) **"Intellectual Property"** means:
 - (i) all patents, patent applications and registrations, trade-marks, trade-mark applications and registrations, copyrights, copyright applications and registrations, trade names and industrial designs, industrial design applications, domestic or foreign including the

registered patents and trade-marks and patent applications and trade-mark applications;

- (ii) all trade secrets, know-how and inventions;
- (iii) all computer systems and application software, including without limitation all documentation relating thereto and the latest revisions of all related object and source codes therefore, owned or used by the Vendor;
- (iv) the name "NewStep Networks Inc." and all variations thereof and all rights to use such name;
- (v) all Internet domain names, e-mail addresses, websites and website content, telephone numbers and facsimile numbers;
- (vi) all other intellectual property rights of the Vendor throughout the world;
- (vii) all licences of the intellectual property listed in items (i) to (vi) above;
- (viii) all future income and proceeds from any of the intellectual property listed in items (i) to (v) above and the licences listed in item (vii) above; and
- (ix) all rights to damages and profits by reason of the infringement of the intellectual property listed in items (i) to (vi) above;

so that, following the completion of the transactions contemplated herein, no Intellectual Property will be owned by the Vendor and all Intellectual Property rights previously owned or enjoyed by the Vendor shall be owned and enjoyed by the Purchaser;

- (u) "**Judgment**" means an order, decree, assessment or other form of decision of a Governmental Body which is in effect and has not been appealed or, if appealed the effect of the order has not been stayed pending the outcome of such appeal;
- (v) "**Legal Expenses**" means all reasonable legal fees, disbursements, court or hearing costs and related expenses, disbursements or costs pertaining to the assessment or conduct of a Claim, including but not limited to costs associated with preliminary or interlocutory proceedings, hearings, interrogations, discoveries, trials, appeals, negotiations, settlements and compromises;
- (w) "**Liabilities**" means all costs, expenses, charges, debts, liabilities, claims, demands and obligations of whatsoever nature or kind, whether primary or secondary, direct or indirect, fixed, contingent, absolute, known, unknown or otherwise;
- (x) "**Losses**" means all damages, losses, expenses (including fines and penalties), other third party costs and Legal Expenses which are suffered, sustained, paid or incurred in relation to any Claims or Liabilities;
- (y) "**Person**" means and includes any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, government, governmental agency or board or commission or authority, and any other form of entity or organization;
- (z) "**Purchased Assets**" means all properties and assets used in connection with or otherwise relating to the Business (other than the Excluded Assets) as a going concern, whether real or

personal, tangible or intangible, or every kind and description and, wheresoever situate, including the following assets:

- (i) the Assumed Contracts;
 - (ii) all accounts receivable and loans receivable as of the Closing Time, including, without limitation, and all other amounts claimed at the Closing Time, due or accruing due to the Vendor as of the Closing Time;
 - (iii) all prepaid expenses as of the Closing Time;
 - (iv) all owned equipment, tools, furniture, furnishings and other miscellaneous items;
 - (v) all right, title and interest of the Vendor in and to any contracts as of the Closing Time, including without limitation the Customer Contracts;
 - (vi) all of the Vendor's right, title and interest in all owned computer hardware as of the Closing Time;
 - (vii) all customer lists, files, data and information relating to customers and prospective customers as of the Closing Time including, without limitation, the customer list which has been delivered by the Vendor to the Purchaser prior to the date hereof;
 - (viii) all books, records, files and documents, including without limitation, books of account, ledgers, journals, sales and purchase records, lists of suppliers, credit information, cost and pricing information, business reports, plans and projections and all other correspondence, data and information, financial or otherwise, as of the Closing Time in any format and media whatsoever excluding the items referred to in paragraphs 1.1(d)(i) and (ii) (the "**Business Books and Records**");
 - (ix) all goodwill of the Business, together with the exclusive right of the Purchaser to represent itself as carrying on the Business in continuation of and in succession to the Vendor and the right to use any words indicating that the Business is so carried on;
 - (x) all Intellectual Property including trade secrets, research data, designs, proprietary know-how, technical information, specifications and materials in whatever form or media recording or evidencing technology or proprietary information, and all rights and interests in and to all inventions, patents, applications for patents, copyrights, trade marks, trade mark registrations, trade names, logos, industrial designs and other intellectual property, and all software, including computer software and systems including all related source, object and code, specifications, documentation, revisions, enhancements and modifications thereto, in whatever form and media;
 - (xi) all licenses, registrations and qualifications required by Applicable Laws as of the Closing Time, to the extent transferable; and
 - (xii) all of the cash, investments or other moneys held by the Vendor as of the Closing Time;
- (aa) "**Purchase Price**" has the meaning set forth in Section 2.4 hereof;
- (bb) "**Purchaser Indemnified Party**" shall have the meaning ascribed thereto in Section 6.1 hereof;

and

(cc) **“Third Party”** means any Person other than a party hereto.

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

1.3 **Choice of Law and Attornment.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties agree that the courts of the Province of Ontario will have exclusive jurisdiction to determine all disputes and claims arising between the parties.

1.4 **Interpretation Not Affected by Headings.** The division of this Agreement into articles, sections, paragraphs, subparagraphs and clauses and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms **“this Agreement”**, **“hereof”**, **“herein”**, **“hereunder”** and similar expressions refer to this Agreement and the schedules hereto and not to any particular article, section, paragraph, subparagraph, clause or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

1.5 **Number and Gender.** In this Agreement, unless there is something in the subject matter or context inconsistent therewith: (a) words in the singular number include the plural and such words shall be construed as if the plural had been used; (b) words in the plural include the singular and such words shall be construed as if the singular had been used, and (c) words importing the use of any gender shall include all genders where the context or party referred to so requires, and the rest of the sentence shall be construed as if the necessary grammatical and terminological changes had been made.

1.6 **Time.** Time shall be of the essence hereof.

ARTICLE 2 PURCHASE AND SALE

2.1 **Purchased Assets.** At the Closing Time, subject to the terms and conditions set forth herein including, without limitation, the satisfaction of the Purchase Price by the Purchaser to the Vendor pursuant to Section 2.4 below, the Vendor hereby sells, assigns, transfers, conveys and sets over to the Purchaser, and the Purchaser hereby purchases and accepts from the Vendor, all of the right, title, estate and interest of the Vendor (whether absolute or contingent, legal or beneficial) in and to the Purchased Assets, to have and hold the same together with all benefit and advantage to be derived therefrom, absolutely, subject to and in accordance with the terms of this Agreement.

2.2 **Assumed Liabilities.** At the Closing Time, subject to the terms and conditions set forth herein, the Purchaser shall assume and thereafter pay, perform, discharge and satisfy the Assumed Liabilities.

2.3 **Unassignable Contracts.** If any right, claim or benefit arising under or resulting from any Assumed Contracts are not capable of being transferred or assigned by the Vendor to the Purchaser without the approval, consent or waiver of any Third Party (the **“Rights”**) and the Vendor cannot obtain such consent by the Closing Time, or if the transfer of a Right would constitute a breach of any obligation under, or a violation of, any Applicable Law unless the approval, consent or waiver of such Third Party is obtained, then, except as expressly otherwise provided in this Agreement, this Agreement shall not constitute an agreement to transfer such Rights unless and until such approval, consent or waiver has been obtained. After the Closing Time and until all Rights are transferred to the Purchaser:

- (a) the Vendor shall maintain its existence and hold the Rights in trust for the benefit of the Purchaser;
- (b) in order that the full value of the Rights may be realized for the benefit of the Purchaser, the Vendor shall, at the request and under the direction of the Purchaser, in the name of the Vendor or otherwise as the Purchaser shall specify, take all such reasonable actions and do all such things as shall, in the reasonable opinion of the Purchaser, be necessary or desirable to perform the obligations of the Vendor under such Assumed Contracts and/or with respect to any Rights may be performed in such a manner that the value under such Assumed Contracts and/or with respect to such Rights is preserved and enures to the benefit of the Purchaser and that any and all moneys receivable under the Assumed Contracts (net of any moneys payable under the Assumed Contracts) shall be received by the Purchaser;
- (c) the Vendor will promptly pay over to the Purchaser all such moneys collected by the Vendor, if any, in respect of such Assumed Contracts and/or any Rights after deduction of any amounts owing under any of the Assumed Contracts; and
- (d) to the extent permitted by the Third Party and provided, in the Purchaser's reasonable opinion, it would not be prejudicial to the Purchaser's rights to do so, the Purchaser will perform obligations under such Assumed Contracts on behalf of the Vendor and will indemnify and save the Vendor harmless from and against all Liabilities incurred by the Vendor in performing any obligations under the Assumed Contracts and, upon the direction of the Purchaser, by so omitting to perform any obligation (including without limitation all legal fees as rendered on a solicitor and his own client basis).

2.4 **Purchase Price.** The Purchase Price to be paid by the Purchaser to the Vendor for the conveyance of the Purchased Assets shall be US\$1,467,253.01, such Purchase Price shall be fully paid and satisfied by the issuance by the Purchaser of 9,000,000 Series A Exchangeable Preferred Shares, 13,265,297 Series B Exchangeable Preferred Shares, 39,212,178 Series C Exchangeable Preferred Shares, 81,654,268 Special Voting Shares and 5,319,695 Exchangeable Common Shares, all in the capital of the Purchaser (the "**Purchase Price Shares**") and by the assumption by the Purchaser of the Assumed Liabilities. At the Closing Time, the Purchaser will issue the Purchase Price Shares to the Vendor and deliver share certificates representing such Purchase Price Shares to the Vendor.

2.5 **Tax Matters.**

- (a) The Purchaser shall be liable for and shall pay all applicable federal and provincial sales taxes, land transfer taxes, goods and services taxes, excise taxes and all other taxes (other than income taxes of the Vendor), duties and other like charges properly payable upon and in connection with the conveyance and transfer of the Purchased Assets to the Purchaser. The Vendor will do and cause to be done such things as are reasonably requested to enable the Purchaser to comply with such obligation in an efficient manner.
- (b) The Vendor and the Purchaser will jointly execute on the Closing Date, and Purchaser will file within the prescribed time period, an election under Section 22 of the *Income Tax Act* (Canada) (the "**ITA**"), and the corresponding provisions of any relevant provincial income tax legislation, with respect to the accounts receivable of the Business included in the Purchased Assets. Such election will designate the portion of the Purchase Price allocated to the accounts receivable as set forth in Schedule 2.5(b) hereto as the consideration paid by the Purchaser.
- (c) If applicable, the Vendor and the Purchaser will jointly execute on the Closing Date, and

Purchaser will file within the prescribed time period, an election under subsection 167(1) of the *Excise Tax Act* (Canada) so that no tax be payable pursuant to such legislation with respect to the purchase and sale of the Purchased Assets hereunder.

- (d) The Vendor and the Purchaser will complete such documentation as may be required under the *Bulk Sales Act* (Ontario) in connection with the sale of the Purchased Assets contemplated herein.

2.6 **Title Documents.** The Vendor shall execute and deliver to the Purchaser all such bills of sale, assignments, instruments of transfer, deeds, assurances, consents and other documents as shall be necessary or desirable to effectively transfer to the Purchaser of the Purchased Assets and the Vendor shall deliver or cause to be delivered to the Purchaser possession of the Purchased Assets, together with the original copies of all Assumed Contracts and all licenses, registrations and qualifications which are now in the possession of the Vendor.

2.7 **Employees.** The Purchaser shall offer employment, as of the Closing Time, to each of the employees employed by the Vendor as of the Closing Time on substantially similar terms and conditions as presently exist for such employment.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES BY VENDOR

3.1 The Vendor hereby represents and warrants to the Purchaser as follows, and confirms and acknowledges that the Purchaser is relying upon the accuracy of each of such representations and warranties in connection with the purchase of the Purchased Assets and the completion of the other transactions hereunder. The representations and warranties made by the Vendor and contained in this Agreement, or contained in any document or certificate given in order to carry out the transactions contemplated hereby, will survive the closing of the transactions provided for herein and, notwithstanding such closing or any investigation made by or on behalf of the Purchaser or any other person or any knowledge of the Purchaser or any other person, shall continue in full force and effect for the benefit of the Purchaser.

- (a) The Vendor is a corporation duly incorporated, organized and validly subsisting under the laws of its jurisdiction of incorporation.
- (b) The Vendor has full corporate power, authority and capacity to own or lease and operate its properties and assets and to carry on its Business as presently conducted and proposed to be conducted.
- (c) The Vendor has full corporate power and authority and the capacity to execute and deliver this Agreement and to perform all obligations contemplated herein.
- (d) This Agreement and all documents contemplated hereby (collectively, the "Collateral Documents"), when executed and delivered by the Vendor at the Closing Time, will constitute legal, valid and binding obligations of the Vendor enforceable against the Vendor in accordance with their respective terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application relating to or affecting the enforcement of creditors rights and as limited by rules or laws concerning equitable remedies.

3.2 Except as and to the extent set forth in Section 3.1 hereof, the Vendor makes no representations or warranties whatsoever, and the Purchaser acknowledges that it is purchasing the Purchased Assets and

assuming the Assumed Liabilities on an "as-is, where-is" basis and the Vendor shall not be considered to have made any representation that may arise by operation of law or statute. The Vendor disclaims all liability and responsibility for any representation, warranty, statement or information made or communicated (orally or in writing) to the Purchaser (including any opinion, information or advice which may have been provided to the Purchaser by any officer, shareholder, director, employee, agent, consultant or representative of the Vendor, or its affiliates, financial advisors, counsel or any other agent, consultant, representative or Person). Without limiting the generality of the foregoing, the Vendor makes no representations or warranties as to:

- (a) title to the Purchased Assets and the Vendor does not purport to convey any better title than it has now;
- (b) the Assumed Liabilities and the amount or extent of the Assumed Liabilities;
- (c) any estimates of the value of the Purchased Assets or the Business or the revenues, future revenues or estimates applicable to the Business;
- (d) the location, quality, condition or serviceability of the Purchased Assets or the Condition of the Business; or
- (e) the suitability or fitness of the Purchased Assets or the Business for any intended use or purpose.

3.3 The Purchaser acknowledges that the Purchased Assets are subject to Encumbrances and the Purchaser will, at the Closing Time, acquire the Purchased Assets subject to the Encumbrances. Without limiting the applicability of Section 9.1 hereof, the Purchaser hereby agrees that it will use its commercially reasonable best efforts and take all reasonable actions to assist the Vendor in obtaining the discharge of all filed registrations against the Vendor under the *Personal Property Security Act* (Ontario) relating to the Assumed Liabilities.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES BY PURCHASER

4.1 The Purchaser hereby represents and warrants to the Vendor as follows, and confirms and acknowledges that the Vendor is relying upon the accuracy of each of such representations and warranties in connection with the sale of the Purchased Assets and the completion of the other transactions hereunder. The representations and warranties made by the Purchaser and contained in this Agreement or contained in any document or certificate given in order to carry out the transactions contemplated hereby will survive the closing of the transactions provided for herein and, notwithstanding such closing or any investigation made by or on behalf of the Vendor or any other person or any knowledge of the Vendor or any other person, shall continue in full force and effect for the benefit of the Vendor.

- (a) The Purchaser is a corporation duly incorporated and validly subsisting in all respects under the laws of Canada and has the corporate power to own or lease its properties and to carry on its business as it is now being conducted and as proposed to be conducted.
- (b) The Purchaser is registered for the purposes of Part IX of the *Excise Tax Act* (Canada).
- (c) The Purchaser is authorized to enter into this Agreement and to complete the transactions contemplated hereby in the manner contemplated herein and to perform all of the Purchaser's obligations under this Agreement and the consummation of the transactions contemplated herein have been duly authorized by all necessary corporate action on behalf of the Purchaser and all

necessary third party consents to allow for such transaction have been obtained.

- (d) This Agreement is a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms except as limited by applicable bankruptcy, insolvency, moratorium, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights and as limited by rules or laws concerning equitable remedies.
- (e) The execution, delivery and performance of this Agreement and each of the Collateral Documents to which it is party by the Purchaser, and the completion of the transactions contemplated hereby, will not constitute or result in a violation or breach of or default under: (i) any term or provision of any of the articles, by-laws or other constating documents of the Purchaser; (ii) the terms of any indenture, agreement (written or oral), instrument or understanding or other obligation or restriction to which the Purchaser is a party or by which it is bound; or (iii) any term or provision of any licenses, registrations or qualification of the Purchaser or any order of any court, governmental authority or regulatory body or any applicable law or regulation of any jurisdiction.
- (f) Upon completion of the transactions contemplated herein, the Purchase Price Shares to be issued to the Vendor will be issued as fully paid and non-assessable securities in the capital of the Purchaser.

ARTICLE 5 COVENANTS

5.1 **Delivery of Purchased Assets.** The Purchaser agrees to accept delivery of the Purchased Assets on an "as-is where-is" basis.

5.2 **Consents.** To the extent that any Assumed Contracts are not capable of being transferred or assigned by the Vendor to the Purchaser without the approval, consent or waiver of any Third Party, and the required approval, consent or waiver has not been obtained on or before the Closing Time, the Vendor agrees to use its reasonable best efforts to obtain such approval, consent or waiver promptly after the Closing Time.

5.3 **Change of Name.** Within a reasonable time period following the Closing Time, the Vendor shall change its corporate name to a name which does not include the words "NewStep Networks" or any other business name, trade name, brand name, slogan or trade-mark which is part of the Intellectual Property or any part thereof or any word or phrase similar thereto and shall sign such consents or other documents as may be required by Industry Canada in order to permit the Purchaser to change its name to "NewStep Networks".

ARTICLE 6 INDEMNIFICATION

6.1 **Covenant to Indemnify.** On and subject to the terms and conditions hereof, the Purchaser hereby covenants and agrees that:

- (a) it is familiar with the Purchased Assets, including their respective past and present uses and that it is acquiring the Purchased Assets in accordance with the terms of this Agreement, on an "as-is, where-is" basis and subject to any and all Encumbrances, agreements, commitments and Liabilities pertaining thereto howsoever and whensoever arising and waives all title defects that may exist at the Closing Time;

- (b) on and after the Closing Date, the Purchaser shall assume all liability for and indemnify, defend and save harmless the Vendor and its affiliates, shareholders, directors, officers, employees, agents and representatives (collectively, the "**Purchaser Indemnified Parties**") from and against, all Losses suffered, sustained, paid or incurred by the Purchaser Indemnified Parties, howsoever or by whomsoever caused which arise out of any matter or thing occurring prior to, on or after the Closing Date, provided, however, that any such Losses specifically relate to the Business or activities of the Vendor or its directors or officers conducted or carried on prior to the Closing Date or to the Purchased Assets previously owned, operated or controlled by the Vendor and transferred to the Purchaser hereunder, except any Losses to the extent that any such Losses: (i) are caused by or result from the Vendor filing or re-filing any federal or provincial tax return after the Closing Date; (ii) relate to any income tax liability arising under the laws of Ontario or Canada for any of the taxation years of the Vendor commencing on or after the Closing Date; or (iii) relate to any provincial or federal tax liability arising as a result of any assessment or re-assessment of the Vendor by any provincial taxation authority or the Canada Revenue Agency, unless such Losses result from a failure to make any necessary tax withholding or from the fraud, negligence or willful misconduct of the Vendor or its directors and officers prior to the Closing Date. The Purchaser shall not be entitled to exercise and hereby waives any rights or remedies that the Purchaser may now or in future may have against the Purchaser Indemnified Parties in respect of any Liabilities relating to the Purchased Assets and/or the Assumed Liabilities other than as provided pursuant to the provisions of this Agreement and all Collateral Documents, whether such rights and remedies are pursuant to common law, statute or otherwise, including, without limitation, the right to name any Purchaser Indemnified Parties as third parties to any action commenced by any Person against the Purchaser;
- (c) the Purchaser shall see to the timely performance of all obligations relating to the Purchased Assets which, in the absence of this Agreement, would be the responsibility of the Vendor and the Purchaser shall be liable to the Vendor for and shall, in addition, indemnify the Vendor from and against, all Losses suffered, sustained, paid or incurred by the Vendor should the Purchaser fail in the timely performance of any such obligations relating to the Purchased Assets;
- (d) from and after the Closing Date, the Purchaser shall assume all liability for and indemnify, defend and save harmless the Purchaser Indemnified Parties from and against any and all Losses suffered, sustained, paid or incurred by the Purchaser Indemnified Parties which arise out of any matter or thing occurring prior to or on the Closing Date, as a direct or indirect result of any and all interests, rights, obligations, indemnities, guarantees (whether financial or for performance), Liabilities and agreements of any kind whatsoever and whether matured or not, direct or indirect, contingent or absolute, held or provided by, or by which, the parties hereto are bound, provided, however, that any such Losses specifically relate to the Purchased Assets previously owned, operated or controlled by the Vendor and transferred to the Purchaser hereunder, including any guarantees, sureties, indemnities, letters of credit or any other obligations that are created, whether by statute, law or contract or any other way howsoever, and whether as a party or as agent, guarantor, surety or indemnitor or otherwise, provided that the foregoing shall not extend to any guarantees, sureties, indemnities, letters of credit or other obligations created or given by the Vendor on or after the Closing Date;
- (e) the Purchaser shall bear the full responsibility of defending all actual, threatened or anticipated Claims, and shall assume all liability for and indemnify, defend and save harmless the Purchaser Indemnified Parties from and against any and all Losses suffered or incurred by them in relation to any Claim, actual, threatened or anticipated, for which the Purchaser Indemnified Parties have promptly provided written notice of such actual, threatened or anticipated Claim, to the Purchaser following the Closing Date, as a direct or indirect result of:

- (i) the breach of any covenant, agreement, representation or warranty of the Purchaser contained in this Agreement;
- (ii) any and all operations carried on by the Vendor prior to the Closing Date and all activities and agreements relating thereto; and
- (iii) other than as excepted in Section 6.1(b), any matter that existed or occurred prior to or at the Closing Date relating to the Vendor or the Purchased Assets, whether asserted or claimed prior to, at or following the Closing Date.

6.2 Payments under Indemnity

- (a) Subject to the terms and conditions hereof and upon the Purchaser Indemnified Parties incurring or suffering any Losses for which such Purchaser Indemnified Parties are entitled to be indemnified pursuant to the terms of this Agreement, such Purchaser Indemnified Parties may provide a demand for payment to the Purchaser (a "**Demand**") which Demand shall specify such Losses incurred or suffered by the Purchaser Indemnified Party and shall be accompanied by copies of any relevant Judgments, documents, invoices or instruments (along with reasonable evidence of such payment or the requirement for payment substantiating the amount and nature of the Losses incurred) except to the extent any such documents are already in the possession of the Purchaser.
- (b) the Purchaser shall make the required payment or relieve the Purchaser Indemnified Parties of the obligation to incur or suffer the relevant Losses within thirty (30) days, or within such lesser period as may be required in connection with a Judgment, after receipt or deemed receipt of a Demand.

6.3 Limit of Liability. Without limiting the generality of any provision hereof, except where any such Losses are occasioned by the fraud, gross negligence or willful misconduct of the Purchaser, its associates, affiliates, directors or officers, the parties hereto expressly agree that the Purchaser shall not be and shall not be deemed to be liable for any Losses relating to (a) any Excluded Assets or (b) the inability of any Purchaser Indemnified Party to collect or otherwise be made whole with respect to any Excluded Liabilities.

ARTICLE 7 OBLIGATIONS OF PURCHASER INDEMNIFIED PARTIES

7.1 Specific Obligations. As and from the Closing Date, the Purchaser Indemnified Parties hereby covenant and agree with the Purchaser to:

- (a) provide the Purchaser with written notice of any outstanding, pending or threatened Claim of which the Purchaser Indemnified Parties or any of them become aware (a "**Claim Notice**") as soon as reasonably practicable upon becoming so aware, it being expressly understood, however, that if, through the fault of any Purchaser Indemnified Party, the Purchaser receives any Claim Notice not in time effectively to contest the determination of any liability susceptible of being contested under such Claim, then the liability of the Purchaser to any Purchaser Indemnified Party with respect to the Claim set out in such Claim Notice shall be reduced by the amount of any losses incurred by the Purchaser resulting from the Purchaser Indemnified Party's failure to give such notice on a timely basis;
- (b) comply in all material respects with the provisions of this Agreement; and

- (c) provide to the Purchaser and its authorized representatives access at all reasonable times to, and the right to photocopy, the files and records of the Purchaser Indemnified Parties pertaining or relating to any Claims as the case may be, or the subject matter thereof including any Books and Records.

ARTICLE 8
PRESERVATION AND ACCESS TO BUSINESS BOOKS AND RECORDS;
CONFIDENTIALITY

8.1 **Business Books and Records.** The Vendor shall deliver or cause to be delivered to the Purchaser the originals of Business Books and Records as soon as practicable after the Closing Date. Following the Closing Date, upon reasonable notice to the Purchaser or the Vendor, as the case may be, and subject in each case to an obligation not to disclose confidential information to any Third Party other than with the other party's consent, which shall not be unreasonably withheld, or upon receipt of an appropriate court order requiring such disclosure (following due notice to the party originally releasing such information): (a) the Vendor shall be entitled to access and copy the Business Books and Records for any reasonable business purpose including, without limitation, preparing for litigation or to respond to any claim, demand, investigation or assessment threatened or commenced against the Vendor, responding to any inquiries made by any Governmental Body, the preparation of tax returns and income tax information, the determination of the actual adjustments as contemplated hereunder, responding to an audit or complying with the requirements of Applicable Law; and (b) the Purchaser shall be entitled to access and copy the Books and Records for any reasonable business purpose including, without limitation, preparing for litigation or to respond to any claim, demand, investigation or assessment threatened or commenced against the Purchaser, responding to any inquiries made by any Governmental Body, the preparation of tax returns and income tax information, the determination of the actual adjustments as contemplated hereunder, responding to an audit or complying with the requirements of Applicable Law. The Vendor agrees to preserve the Books and Records and the Purchaser agrees to preserve the Business Books and Records until the later of (i) December 31, 2017 and (ii) the date upon which all appeal periods have expired in respect of any assessment, action, investigation or other legal proceeding in respect of any tax matter may be brought. In addition, the Purchaser covenants and agrees to provide all reasonable assistance requested by the Vendor in respect of the preparation and filing of any required tax returns or tax filings.

8.2 **Confidentiality.** Except to the extent disclosure is required by Applicable Laws, each of the parties hereto shall hold in confidence:

- (a) any and all proprietary, confidential, trade secret and any other non-public information and data in relation to the business and affairs of the other party, including without limitation financial and tax information, sales and purchase records, business reports, plans and projections, personnel records and similar material; and
- (b) the terms and conditions of this Agreement, and the parties shall not disclose any of such information or use such information for any of their own purposes.

The foregoing provisions set forth in this Section 8.2 shall not apply to: (i) information that at the time of disclosure is or thereafter becomes generally available to and known by the public; (ii) information that is or was received on a non-confidential basis from a source other than the other party; or (iii) which such disclosing party has provided its prior written consent for the disclosure of by the other party.

ARTICLE 9
GENERAL PROVISIONS

9.1 **Further Assurances.** Each of the Vendor and the Purchaser hereby covenants and agrees that at any time and from time to time after the date hereof it will, upon the request of the others, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, assignments, transfers, conveyances and assurances as may be required for the better carrying out and performance of all the terms of this Agreement. For greater certainty, the Vendor hereby covenants and agrees, at the sole cost and expense of the Purchaser, to cause to be done all acts, transfers or conveyances to affect the transfer of title in the Purchased Assets to the Purchaser. The Vendor hereby grants the Purchaser a power of attorney to execute all documents and do all things to transfer title in the Purchased Assets to the Purchaser. The Purchaser hereby covenants and agrees, at its sole cost and expense, to cause to be done all acts, transfers or conveyances to effect the assumption of the Assumed Liabilities by the Purchaser.

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

9.3 **Notices.** Any notice, designation, communication, request, demand or other document, required or permitted to be given or sent or delivered hereunder to any party hereto shall be in writing and shall be sufficiently given or sent or delivered if it is delivered personally to an officer or director of such party, sent to the party entitled to receive it by registered mail, postage prepaid, mailed in Canada, or sent by facsimile machine. Notices shall be sent to the following addresses or facsimile numbers:

(a) in case of the Vendor to:

NewStep Networks Inc.
54 Lourdes Ave
Woodbridge, Ontario
L4H 3A3

Fax:
Attention: Desmond Ali

(b) in the case of Purchaser, to:

4515218 Canada Inc.
c/o The VenGrowth II Investment Fund
105 Adelaide Street West, Suite 1000
Toronto, Ontario M5H 1P9

Fax
Attention: Peter Carrescia

with a copy to:

LaBarge Weinstein Professional Corporation
515 Legget Drive, Suite 800
Ottawa, ON K2K 3G4

Fax: 613-599-0018

Attention: Deborah L. Weinstein

Any such notice or other communication shall be deemed to have been given and received on the day it is delivered or transmitted (or, if such day is not a Business Day, on the next following Business Day) or, if mailed, on the third Business Day following the date of mailing; provided however, that if at the time of mailing or within three Business Days thereafter there is or occurs a labour dispute or other event that might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by means of recorded electronic communication as described. Any Party may, from time to time, change its address for service by giving notice to the other Parties in accordance with the provisions of this Section 9.3.

9.4 **Counterparts.** This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.

9.5 **Assignment.** The rights of the Vendor hereunder shall not be assignable without the written consent of the Purchaser. The rights of the Purchaser hereunder shall not be assignable without the written consent of the Vendor, provided, however, the Purchaser shall have the right to assign in whole, but in not in part, this entire Agreement to any third party in connection with a merger, reorganization or sale or other transfer of all or substantially all of its assets without the consent of the Vendor.

9.6 **Subrogation.** The assignment and conveyance to be effected by this Agreement is made with full right of substitution of the Purchaser in and to all covenants, representations, warranties and indemnities previously given or made by others in respect of the Purchased Assets or any part or portion thereof.

9.7 **Successors and Assigns.** This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns. Nothing herein, express or implied, is intended to confer upon any Person, other than the parties hereto and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

9.8 **Entire Agreement.** This Agreement, the Collateral Documents and the schedules referred to herein constitute the entire agreement between the parties hereto and supersede all prior agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, with respect to the subject matter hereof. None of the parties hereto shall be bound or charged with any oral or written agreements, representations, warranties, statements, promises, information, arrangements or understandings not specifically set forth in this Agreement or in the schedules, documents and instruments to be delivered on or before the Closing Date pursuant to this Agreement. The parties hereto further acknowledge and agree that, in entering into this Agreement and in delivering the schedules, documents and instruments to be delivered on or before the Closing Date, they have not in any way relied, and will not in any way rely, upon any oral or written agreements, representations, warranties, statements, promises, information, arrangements or understandings, express or implied, not specifically set forth in this Agreement or in such schedules, documents or instruments.

9.9 **Waiver.** Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the Party to be bound. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver of any provisions of this Agreement constitute a continuing waiver unless otherwise expressly provided.

9.10 **Amendments.** No modification or amendment to this Agreement may be made unless agreed to by the parties hereto in writing.

9.11 **Interpretation.** Each of the Schedules hereto are an integral part of this Agreement and are hereby specifically incorporated by reference into this Agreement.

9.12 **Intellectual Property Assignments.** The Vendor agrees to execute any and all assignments necessary for registration of the change of ownership of all Intellectual Property which is registered or applied for in any intellectual property office as requested by the Purchaser, and upon providing such specific assignments to the Purchaser, the Purchaser shall at its sole cost, register such specific assignments in the applicable intellectual property office. It shall be the Purchaser's responsibility to identify all such Intellectual Property to be specifically transferred by the Vendor to the Purchaser hereunder. The Purchaser shall bear all costs incurred in registering any conveyances of the Purchased Assets and Assumed Liabilities to it and all costs of preparing any further assurances required to convey the Purchased Assets and Assumed Liabilities to it. The Purchaser shall register all such conveyances promptly after the Closing Date.

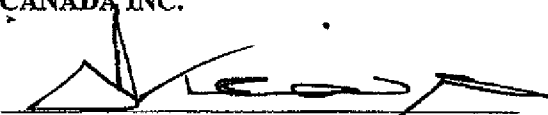
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IN WITNESS WHEREOF the parties hereto have duly executed this Agreement as of the day and year first written above.

NEWSTEP NETWORKS INC.

Signed: 
Name:
Title:

4515218 CANADA INC.

Signed: 
Name:
Title:

SCHEDULE 2.5(B)
Allocation of Purchase Price
(US\$)

Purchase Price:	1,467,253.01
Share Consideration	91.59
Assumed Liabilities	1,467,161.42

Allocation of Purchase Price and Assumed Liabilities:

Transferred Personal Property	54,346.89
Transferred Contracts	1.00
Transferred Claims	1.00
Transferred Books and Records	1.00
Transferred Intellectual Property	1,209,346.41
Current Assets	203,556.71