AYLEN CAPITAL INC.

NOTICE OF SPECIAL MEETING

- and -

MANAGEMENT INFORMATION CIRCULAR

CONCERNING, AMONG OTHER THINGS,

A REVERSE TAKEOVER INVOLVING LOC8 CORP.

November 13, 2020

Neither the Canadian Securities Exchange nor any securities commission has in any way passed upon the merits of the transaction described herein and any representation to the contrary is an offence.

AYLEN CAPITAL INC.
Suite 2502, Scotia Plaza
Toronto, Ontario M5H 3Y2

Shareholders:

This letter comes at a bittersweet time for Aylen.

As you are no doubt aware, Aylen's CEO and largest shareholder, John Pennal, tragically passed away on October 2, 2020, approximately one month after being diagnosed with a rare and very aggressive cancer.

One of his first thoughts on learning of his diagnosis was to ensure that the signed and announced transaction with Loc8 would not be disrupted. As a result, I replaced him as CEO and his son replaced him on the board of directors. I had been John's law partner at Norton Rose Fulbright LLP and acted as legal counsel to Aylen and its predecessors over the years.

I say bittersweet, because after years of seeking a reverse takeover transaction, Aylen finally landed a deal with Loc8 that I and the board are very excited about.

Loc8 (to be renamed DeepSpatial) has proprietary AI technology that addresses how to apply data (that is largely unstructured) in a meaningful way to businesses, by synthesizing data supplied by both the client and Loc8 into a format that can easily understood. Its data-fused SaaS platform combined by its AI and Machine Learning technology will help businesses stitch multi-variable data together in order to analyze it in a meaningful way.

The Meeting to approve this transaction is scheduled for December 17, 2020 at 10:00 a.m. Please see the attached Meeting materials for full details.

Under the proposed transaction:

1. shareholders will receive a dividend of approximately $0.02/share; and

2. based on the price in the $1m+ concurrent financing, each Aylen share should have a trading price of $0.075/share.

This compares very favourably to the trading range for Aylen shares over the last years.

The completion of this transaction will be a fitting tribute to John and his memory.

I encourage you to read the enclosed Meeting materials carefully, and complete and submit your proxies in favour of all parts of the transaction

Yours truly,

Richard Sutin, CEO

AYLEN CAPITAL INC.
Suite 2502, Scotia Plaza
Toronto, Ontario M5H 3Y2

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TAKE NOTICE that a special meeting of the shareholders (the "**Meeting**") of Aylen Capital Inc. (the "**Corporation**") will be held at the offices of Fogler, Rubinoff LLP, 77 King Street West, Suite 3000 Toronto, Ontario, Canada, M5K 1G8 on the 17th day of December, 2020 at 10:00 a.m. (Toronto time) for the following purposes:

1. to consider, and if thought appropriate by the majority of the minority votes of shareholders, pass with or without variation, a special resolution substantially in the form set out in the accompanying management information circular (the "**Circular**") approving the sale of all of the issued and outstanding shares in the capital of Grapevine Analytics Inc. to 177 RDH Inc. (owned by family of the late John D. Pennal) and the acquisition of Loc8 Corp. ("**Loc8**") by way of three-corned amalgamation (the "**Amalgamation**") in accordance to the terms and conditions contained in the acquisition agreement between the Corporation, Loc8, 2774951 Ontario Limited, John Pennal and Grapevine Analytics Inc. dated September 2, 2020, a copy of which is appended as Schedule "G" to the Circular (the "**Sale and Amalgamation Resolution**");

2. to consider, and if thought advisable, approve, with or without amendment, a special resolution conditional on and to take effect only in the event the Sale and Amalgamation Resolution is passed, the change of name of the Corporation from "Aylen Capital Inc." to "DeepSpatial Inc." or such other name as may be selected by the board of directors of the Corporation, and to prepare and file an amendment to the articles of the Corporation in connection therewith;

3. to consider, and if thought advisable, approve, with or without amendment, a special resolution conditional on and to take effect only in the event the Sale and Amalgamation Resolution is passed, the consolidation of the Corporation's common shares on the basis of one (1) post-consolidation share for up to every four (4) pre-consolidation common shares outstanding;

4. to consider, and if thought advisable, approve with or without amendment, an ordinary resolution conditional on and to take effect only in the event the Sale and Amalgamation Resolution is passed, to fix the number of directors at four (4) and to elect Rahul Kushwah, Sheldon Kales, Tomas Sipos and Nandan Mishra as directors of the Corporation for the ensuing year; and

5. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereto.

Record Date and Meeting Materials

The board of directors of the Corporation have fixed November 2, 2020 as the record date for the determination of shareholders entitled to notice of, and to vote at the Meeting, and any adjournment thereof. This Notice is accompanied by a form of proxy and the Circular.

Quorum

A quorum for the Meeting will consist of one or more persons, present in person or represented by proxy, holding in the aggregate not less than 10% of the votes attached to all outstanding Common Shares entitled to vote at the Meeting. If a quorum is present at the opening of the Meeting, the shareholders present or represented by proxy may proceed with the business of the Meeting notwithstanding that a quorum is not present throughout the Meeting. If a quorum is not present at the opening of the Meeting, the Meeting may be adjourned.

Proxy

Shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the enclosed form of proxy so that as large a representative as possible may be had at the Meeting. To be valid, the proxy must be received by the Corporation before 10:00 a.m. (Toronto time) on December 15, 2020 or delivered to the President and Chief Executive Officer on the day of the Meeting or any adjournment thereof.

DATED at Toronto, Ontario this 13th day of November, 2020.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*Richard Sutin*"

Richard Sutin
President and Chief Executive Officer

IMPORTANT NOTE: The Corporation is monitoring the COVID-19 situation and is sensitive to the health concerns that our shareholders, employees and other potential Meeting attendees may have, as well as the restrictions and recommendations that have been and may be imposed by federal, provincial and local governments, including those relating to social distancing and the maximum size of public gatherings. In light of the current restrictions, it is expected that our directors and our officers will not attend the meeting in person.

We strongly encourage all shareholders not to attend the Meeting in person. The Corporation reserves the right to take any precautionary measures it deems appropriate in relation to the physical meeting and access to its premises.

Shareholders should be aware that it is entirely possible the Corporation will be unable to permit them to attend the physical Meeting. We recommend that shareholders submit a form of proxy or voting instruction form in advance of the Meeting in a timely fashion as described in the accompanying Circular. Due to the likelihood of restrictions in the number of attendees, we also recommend that shareholders not appoint a proxyholder to participate in and vote during the Meeting other than the management representatives named in the accompanying Circular.

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GLOSSARY OF TERMS

The following is a glossary of certain general terms used in this Circular, including the summary hereof. Terms and abbreviations used in the financial statements included in or appended to this Circular are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**177**" means 177 RDH Inc., owned by the family of the late John D. Pennal.

"**Acquisition Agreement**" means that agreement entered into between the Corporation, Loc8, 2774951 Ontario Limited, John Pennal and Grapevine Analytics Inc. dated September 2, 2020.

"**Adoption Notice**" has the meaning ascribed to it in "*Part III – Matters to be Acted at on the Meeting – Sale and Amalgamation Resolution - Rights of Dissenting Shareholder*".

"**Affiliate**" means a company that is affiliated with another company as described below.

A company is an "**Affiliate**" of another company if:

(a) one of them is the subsidiary of the other; or

(b) each of them is controlled by the same Person.

A company is "**controlled**" by a Person if:

(a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person; and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

(a) a company controlled by that Person; or

(b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

"**Acquireco**" means 2774951 Ontario Limited, a wholly-owned subsidiary of the Corporation incorporated under the OBCA for the purpose of carrying out the Amalgamation.

"**Algo8**" means Algo8 AI Private Limited, a company incorporated pursuant to the laws of the Government of India.

"**Amalco**" means the corporation formed upon completion of the Amalgamation, which will be named "DeepSpatial (Ontario) Inc." or such other name as may be determined by the board of directors of Loc8, and which will be a wholly-owned subsidiary of the Corporation upon completion of the Transaction.

"**Amalgamation**" means the proposed three-cornered amalgamation between the Corporation, Acquireco, and Loc8, to be carried out in accordance with the terms of the Acquisition Agreement and the provisions of the OBCA upon receipt of CSE Approval, resulting in the Corporation owning all of the issued and outstanding securities of the amalgamated entity.

"**Amalgamation Agreement**" means the agreement that will be entered into following the approval of the Sale and Amalgamation Resolution, a form of which is attached as a schedule to the Acquisition Agreement.

"**Artificial Intelligence**" or "**AI**" means the simulation of human intelligence processes by machines, including computer systems. These processes include learning (the acquisition of information and rules for using the information), reasoning (using rules to reach approximate or definite conclusions) and self-correction.

"**Associate**" when used to indicate a relationship with a Person, means:

(a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;

(b) any partner of the Person;

(c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity; or

(d) in the case of a Person who is an individual:

(i) that Person's spouse or child, or

(ii) any relative of the Person or of his spouse who has the same residence as that Person.

"**CBCA**" means the *Canada Business Corporations Act*, as amended from time to time.

"**Circular**" means this management information circular, including the attached schedules.

"**Common Shares**" means the issued and outstanding common shares in the capital of the Corporation.

"**Consolidation**" means the consolidation of all of the issued and outstanding Common Shares of the Corporation on the basis of one (1) new Common Share for four (4) old Common Shares.

"**Consolidation Resolution**" has the meaning ascribed to it in "*Part III – Matters to be Acted on at the Meeting – Approval of the Consolidation*".

"**Corporation**" means Aylen Capital Inc., a company incorporated on October 28, 2010 pursuant to the laws of the CBCA (prior to completion of the Transaction).

"**CSE**" means the Canadian Securities Exchange.

"**CSE Approval**" means the final approval of the CSE in respect of the continued listing of the Common Shares on the CSE following completion of the Transaction, as evidenced by the issuance of the final approval bulletin of the CSE in respect thereof.

"**CSE Policies**" means the rules and policies of the CSE in effect as of the date hereof.

"**Demand Payment"** has the meaning ascribed to it in "*Part III – Matters to be Acted at on the Meeting – Sale and Amalgamation Resolution - Rights of Dissenting Shareholder*".

"**Dissenting Shareholder**" has the meaning ascribed to it in "*Part III – Matters to be Acted at on the Meeting – Sale and Amalgamation Resolution - Rights of Dissenting Shareholder*".

"**Effective Date**" means the date of this Circular, being November 13, 2020.

"**Escrow Agent**" means Computershare Trust Company of Canada.

"**Escrow Agreement**" means the escrow agreement to be entered into by the Resulting Issuer, the Escrow Agent and certain principals of the Resulting Issuer in compliance with the requirements of the CSE, with the securities subject to such Escrow Agreement to be released as determined by the CSE.

"**Geographic Information Systems**" or "**GIS**" means information systems that are designed to capture, analyze and utilize location-based data. Such platforms allow users to analyze demographic, spending, and other contextual data points that effect a business while adding a geographic element to the analysis.

"**Geospatial Data**" means datasets that identify geographic location, including Google maps, weather maps, real estate listing, and traffic data.

"**Grapevine Analytics**" means Grapevine Analytics Inc., a company incorporated on February 26, 2020 pursuant to the laws of the CBCA.

"**Grapevine Purchase and Sale Agreement**" means the agreement dated September 14, 2020 between the Corporation and John Pennal on behalf of 177 governing the Grapevine Sale.

"**Grapevine Sale**" has the meaning ascribed to it in "*Summary – The Acquisition Agreement*".

"**Intermediary**" has the meaning ascribed to it in "*Part I – Proxy-Related Information – Non-Registered Shareholders*".

"**Loc8**" means Loc8 Corp., a company incorporated on September 4, 2019 pursuant to the laws of the OBCA (prior to completion of the Transaction).

"**Loc8 Financing**" means the non-brokered private placement of Loc8 for an aggregate of 4,309,000 Loc8 Subscription Receipts at a price of $0.30 per Loc8 Subscription Receipt raising gross proceeds of $1,292,700. The first tranche closed on October 8, 2020 for 3,925,666 Loc8 Subscription Receipts (raising $1,177,699.80); and the second tranche closed on October 30, 2020 for 383,334 Loc8 Subscription Receipts (raising $115,000.20).

"**Loc8 Finder's Shares**" means the aggregate of 700,000 Loc8 Shares that will be issued at $0.14 per share as finder's fees to Richard Sutin (500,000 Loc8 Shares) and Greg Sullivan (200,000 Loc8 Shares) immediately prior to the closing of the Transaction.

"**Loc8 Share**" means a common share of Loc8.

"**Loc8 Subscription Receipts**" means the subscription receipts sold as a result of the Loc8 Financing, each consisting of one (1) Loc8 Share.

"**Machine Learning**" is an application of AI that provides systems with the ability to automatically learn and improve from experience without being explicitly programmed. Machine learning focuses on the development of computer programs that can access data and use it to learn for themselves.

"**Meeting**" means the special meeting of the shareholders of the Corporation to be held on December 17, 2020 for the purposes described in this Circular.

"**Meeting Materials**" has the meaning ascribed to it in "*Part I – Proxy-Related Information – Non-Registered Shareholders*".

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

"**Minority Shareholders**" means, in the case of the Sale and Amalgamation Resolution, the shareholders of the Corporation excluding the Pennal Shares.

"**Name Change**" means the proposed change of the Corporation's name to "DeepSpatial Inc." or such other name as may be determined by the board of directors of the Corporation upon completion of the Amalgamation.

"**Name Change Resolution**" has the meaning ascribed to it in "*Part III – Matters to be acted on at the Meeting – Approval of the Name Change*".

"**NOBO**" has the meaning ascribed to it in "*Part I – Proxy-Related Information – Non-Registered Shareholders*".

"**Non-Registered Shareholder**" has the meaning ascribed to it in "*Part I – Proxy-Related Information – Non-Registered Shareholders*".

"**Notice of Meeting**" means the notice of the Meeting delivered to the shareholders of the Corporation together with this Circular.

"**NP 46-201**" means National Policy – *Escrow for Initial Public Offerings*.

"**OBCA**" means the *Business Corporations Act* (Ontario) as amended from time to time.

"**Objection Notice**" has the meaning ascribed to it in "*Part III – Matters to be Acted at on the Meeting – Sale and Amalgamation Resolution - Rights of Dissenting Shareholder*".

"**Offer to Pay**" has the meaning ascribed to it in "*Part III – Matters to be Acted at on the Meeting – Sale and Amalgamation Resolution - Rights of Dissenting Shareholder*".

"**Option Plan**" has the meaning ascribed to it in "*Part IV – Information Concerning the Corporation – Option to Purchase Securities*".

"**Pennal Family**" means 177 and members of the family of the late John D. Pennal.

"**Pennal Shares**" means the aggregate of 6,694,563 Common Shares held by the Pennal Family.

"**Person**" means an individual or company.

"**Record Date**" has the meaning ascribed to it in "*Part I – Proxy-Related Material – Voting Securities and Principal Holders Thereof – Record Date*".

"**Resulting Issuer**" means the Corporation following the completion of the Transaction following receipt of CSE Approval.

"**Resulting Issuer Board**" means the board of directors of the Resulting Issuer.

"**Resulting Issuer Shares**" means the common shares of the Resulting Issuer, including the common shares issued in exchange for Loc8 Shares, Loc8 Finder's Shares and Loc8 Subscription Receipts.

"**Right of Dissent**" has the meaning ascribed to it in "*Part III – Matters to be Acted at on the Meeting – Sale and Amalgamation Resolution - Rights of Dissenting Shareholder*".

"**Sale and Amalgamation Resolution**" has the meaning ascribed to it in "*Part III – Matters to be Acted on at the Meeting*".

"**SaaS**" means software as a service.

"**Special Committee**" means the committee comprising of two (2) independent board members of the Corporation, namely Douglas Babcook and William Hale.

"**Target**" means the Amalco.

"**Transaction**" means the Grapevine Sale, the Amalgamation, the Consolidation and the Loc8 Financing, collectively.

"**TRL**" means Technology Readiness Level according to the Earth Science Technology Office of NASA.

"**VIF**" has the meaning ascribed to it in "*Part I – Proxy – Related Information – Non-Registered Shareholders*".

SUMMARY OF THE CIRCULAR

The following is a summary of certain information contained elsewhere in this Circular, including the schedules attached hereto and the documents incorporated by reference herein relating to the Corporation, Loc8 and the Resulting Issuer, and should be read together with the more detailed information and financial data and statements contained or referred to elsewhere in this Circular, the schedules attached hereto, and the documents incorporated by reference herein. Capitalized terms used but not defined in this Summary of the Circular are defined in the "*Glossary of Terms*".

The Meeting

The Meeting will be held on December 17, 2020 at 10:00 a.m. (local time) at 77 King Street West, Suite 3000 Toronto, Ontario, Canada, M5K 1G8. The Meeting will be held for the purposes mentioned in the Notice of Meeting. Matters to be considered include, among others, the Grapevine Sale, the Amalgamation, the Name Change and the Consolidation.

The Companies

The Corporation

Aylen Capital Inc. was incorporated under the CBCA on October 28, 2010. Prior to completion of the Transaction, the Corporation has one wholly-owned operating subsidiary, Grapevine Analytics, which provides survey and data collection services. As of the date hereof, the issued and outstanding capital of the Corporation consists of 18,642,295 Common Shares (on a pre-Consolidation basis). See "*Part IV – Information Concerning the Corporation – General Development of the Business*".

Loc8

Loc8 is a privately owned company incorporated on September 4, 2019 under the OBCA and carrying on the business of providing spatial Artificial Intelligence insights to businesses. As of the Effective Date, the issued and outstanding capital of Loc8 consists of: 83,575,000 Loc8 Shares (excluding the Loc8 Finder's Shares) and 4,309,000 Loc8 Subscription Receipts. As of the date hereof, there are no outstanding options or warrants to purchase Loc8 Shares.

Resulting Issuer

It is anticipated that upon completion of the Amalgamation, the principal business of the Resulting Issuer will be the business of Loc8, being an artificial location intelligence technology provider that combines Geospatial Data with internal organizational data. See "*Part VI – Information Concerning the Resulting Issuer*".

The Acquisition Agreement

The Corporation has entered into the Acquisition Agreement, pursuant to which, among other things, the Grapevine Sale and the Amalgamation will be completed.

Summary of the Grapevine Sale

Pursuant to the Acquisition Agreement, and as a consideration of the Amalgamation, the Corporation has agreed to dispose of Grapevine Analytics (the "**Grapevine Sale**") by selling the shares of Grapevine Analytics to 177 in the manner contemplated by the Grapevine Purchase and Sale Agreement for $1.00, and has agreed to assume all liabilities related to the Grapevine Analytics business not sheltered by the Corporation's tax-loss carry-forwards. In addition the parties agreed that the late John D. Pennal's employment agreement with the Corporation would be cancelled.

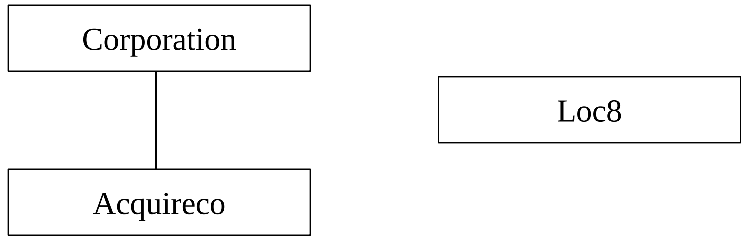
In connection with the Grapevine Sale, the Corporation has agreed to pay a dividend to all holders of the Common Shares prior to the completion of the Amalgamation, with such dividend to be equal to the Corporation's unencumbered cash on the ex-dividend date (approximately $400,000). As well, Loc8 has agreed to issue an aggregate of 700,000 Loc8 Finder's Shares.

Summary of the Amalgamation

The principal features of the Acquisition Agreement may be summarized as set forth below, and are qualified in their entirety by reference to the full text of the Acquisition Agreement attached as Schedule "G" to this Circular. Pursuant to the terms of this agreement:

- the Corporation will complete the Grapevine Sale;
- the Corporation will consolidate its Common Shares on the basis of one (1) Resulting Issuer Share for every four (4) old Common Shares;
- the Corporation will change its name to "DeepSpatial Inc." or such other name as may be determined by the board of directors of the Corporation and to the applicable governmental authorities; and
- the Corporation will acquire all of the issued and outstanding Loc8 Shares pursuant to a three-corned amalgamation, whereby Loc8 and Acquireco will amalgamate, and upon the Amalgamation, holders of Loc8 Shares will receive one (1) new Resulting Issuer Share for every one (1) Loc8 Share, and Amalco will become a wholly-owned subsidiary of the Corporation, which will be the Resulting Issuer upon the completion of the Transaction.

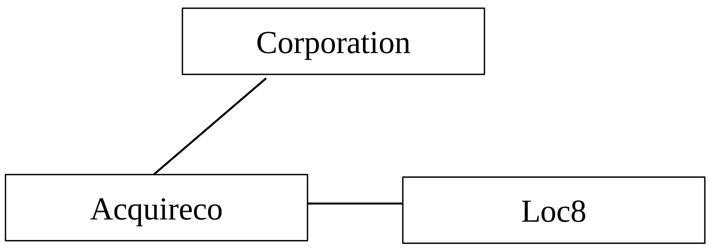
Prior to the Amalgamation



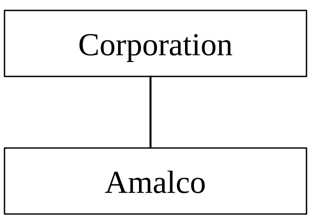
Acquireco was incorporated on August 31, 2020 under the OBCA and has its head office and registered office located at 40 King Street West, Scotia Plaza, Suite 2502, Toronto, Ontario M5H 3Y2. Acquireco has not carried on any business since corporation and has no assets nor any liabilities. The corporation was incorporated solely for the purposes of participating in the Amalgamation.

The Amalgamation

(1) Acquireco and Loc8 amalgamate to create Amalco.



(B) Amalco will be a wholly-owned subsidiary of the Corporation forming the Resulting Issuer.



Amalco will be an amalgamated corporation existing under the OBCA and will be renamed "DeepSpatial (Ontario) Inc." following completion of the Amalgamation. The address of the registered and office of Amalco will be 77 King Street West, Suite 3000, Toronto, Ontario M5K 1G8.

There are currently 18,642,295 Common Shares issued and outstanding on a pre-Consolidation basis. Upon closing of the Transaction, there will be approximately 4,660,574 Common Shares outstanding on a post-Consolidation basis.

As a result of the Amalgamation and the completion of the Loc8 Financing (defined below), it is expected that the Resulting Issuer will have 93,244,574 Resulting Issuer Shares issued and outstanding on a diluted basis. Approximately 5.0% of the Resulting Issuer Shares will be held by shareholders of the Corporation and 89.6% will be held by the current shareholders of Loc8. The Resulting Issuer Shares held by new "principals" of the Resulting Issuer will be subject to such escrow requirements as may be imposed by the securities regulatory authorities.

The following table summarizes the distribution of Resulting Issuer Shares following the completion of the Amalgamation, the Consolidation and the Loc8 Financing on a diluted basis:

Shareholder	Number of Resulting Issuer Shares	Percent of Resulting Issuer Shares on a Diluted Basis
Shareholders of the Corporation	4,660,574	5.0%
Shareholders of Loc8	83,575,000	89.6%
Loc8 Subscription Receipts	4,309,000	4.6%
Loc8 Finder's Shares	700,000	0.8%
Total	**93,244,574**	**100%**

Full particulars of the Amalgamation are contained in the Acquisition Agreement attached hereto as Schedule "G" and incorporated by reference in this Circular.

Board of Directors

The board of directors of the Corporation upon completion of the Transaction is expected to be reconstituted to consist of four (4) board members, and be comprised of Rahul Kushwah, Sheldon Kales, Tomas Sipos and Nandan Mishra. The appointment of such directors is conditional upon the completion of the Transaction and satisfactory review by the CSE. See "*Part VI – Information Concerning the Resulting Issuer – Directors, Officers and Promoters of the Resulting Issuer*".

Officers

The officers of the Corporation upon completion of the Transaction are expected to be Rahul Kushwah as Chief Executive Officer and Rakesh Malhotra as Chief Financial Officer. See "*Part VI – Information Concerning the Resulting Issuer – Directors, Officers and Promoters of the Resulting Issuer*".

Related Party Transaction

The Pennal Family are related parties (within the meaning of MI 61-101) and as such, the Grapevine Sale is a related party transaction (within the meaning of MI 61-101). Similarly, the Amalgamation is also a related party transaction as a result of being a "connected transaction" (as defined in MI 61-101) to the Grapevine Sale.

MI 61-101 is intended to regulate certain transactions to ensure the protection and fair treatment of minority security holders. Pursuant to MI 61-101, a formal valuation and minority shareholder approval must be obtained for related party transactions unless, in each instance, an exemption from such requirement is available.

The Corporation is relying upon the exemption from the requirement to obtain a formal valuation under MI 61-101 set forth in Section 5.5(b). This exemption is available to the Corporation as its Common Shares are listed only on the CSE.

The Corporation has determined that there is no exemption available in respect of the Grapevine Sale or the Amalgamation from the minority shareholder approval requirements of Section 5.6 of MI 61-101 and as such, the Grapevine Sale and the Amalgamation is subject to the approval of a majority of votes cast by shareholders, excluding votes attached to Common Shares that are beneficially owned or over which control or direction is exercised by the issuer, an "interested party", a "related party" of the interested party or a "joint actor" (all as defined in MI 61-101). To the knowledge of the Corporation after reasonable inquiry, the only Common Shares that would currently be excluded from voting would be the Pennal Shares.See "*Part II – The Transaction – Related Party Transaction*".

Right to Dissent

Registered shareholders of the Corporation are entitled to dissent from the Sale and Amalgamation Resolution in the manner provided in Section 190(1) of the CBCA. A registered shareholder of the Corporation who wishes to exercise its dissent rights must send a notice of dissent to the Corporation, such that it is received by the Corporation no later than 10:00 a.m. (Toronto time) on the business day immediately preceding the day of the Meeting (or any postponement or adjournment thereof). The notice and dissent procedures must be strictly observed. The Corporation's shareholders should carefully read the section in this Circular entitled "*Part III – Matters to be Acted on at the Meeting – Sale and Amalgamation Resolution – Rights of Dissenting Shareholders* " if they wish to exercise the dissent rights.

Persons who are beneficial owners of Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered shareholders of the Corporation are entitled to dissent. Accordingly, a beneficial owner of Common Shares desiring to exercise the right to dissent must make arrangements for the Common Shares beneficially owned by such holder to be registered in the holder's name prior to the time the written objection to the Sale and Amalgamation Resolution is required to be received by, or alternatively, make arrangements for the registered holder of such Common Shares to dissent on behalf of the holder.

A copy of Section 190 of the CBCA is attached to this Circular as Schedule "H". It is recommended that any shareholder of the Corporation who wishes to exercise its dissent rights seeks legal advice, as failure to comply strictly with the provisions of the CBCA may prejudice its dissent rights. See "*Part III – Matters to Be Acted on at the Meeting – Sale and Amalgamation Resolution – Rights of Dissenting Shareholders*".

Selected Pro Forma Financial Information of the Resulting Issuer

The following table sets out selected unaudited pro forma consolidated financial information for the Resulting Issuer, assuming completion of the Transaction, as of June 30, 2020 and should be considered in conjunction with the financial statements of the Corporation (see Schedule "A"), the financial statements of Loc8 (see Schedule "C"), the carve-out financial statements of the Artificial Location Intelligence Business (see Schedule "E") and the more complete information contained in the unaudited pro forma consolidated financial statements attached as Schedule "F" to this Circular.

Balance Sheet Data	($)
Total Assets	3,783,428
Total Liabilities	80,354
Total Shareholders' Equity	3,703,074
Total Liabilities and Stockholders' Equity	3,783,428

Notes:

(1) Amounts presented reflect pro forma adjustments as further detailed in the Notes attached to the unaudited pro forma consolidated financial statements attached as Schedule "F" to this Circular. Reference should be made to Schedule "F" for a complete summary of all assumptions underlying these amounts.

Selected Financial Information of the Corporation

The following table sets out selected financial consolidated information for the Corporation for each period indicated below and should be considered in conjunction with the more complete information contained in the financial statements of the Corporation attached as Schedule "A" to this Circular.

($)	Six (6) month period ended June 30, 2020 (reviewed)	Fiscal year ended December 31, 2019 (audited)	Fiscal year ended December 31, 2018 (audited)	Fiscal year ended December 31, 2017 (audited)
Statement of Loss Data				
Revenue	295,931	607,576	560,714	789,260
Expenses	328,369	836,877	826,222	870,511
Balance Sheet Data:				
Total assets	613,663	659,183	930,959	120,737
Total liabilities	314,238	329,652	387,205	337,523
Accumulated deficit	(1,371,910)	(1,341,804)	(1,127,581)	(1,867,177)
Shareholders' equity	613,663	659,183	930,959	120,737

Selected Financial Information of Loc8 and the Artificial Location Intelligence Business

The following table sets out selected financial information for Loc8 for the periods indicated below and should be considered in conjunction with the more complete information contained in the financial statements of Loc8 attached as Schedule "C" to this Circular.

	For the period from incorporation on September 4, 2019 to June 30, 2020 (audited) ($)
Total loss and comprehensive loss	(522,877)
Basic and diluted loss per share	(0.007)

Statement of Financial Position	As of June 30, 2020 (audited) ($)
Current assets	1,202,900
Intangible assets	1,897,178
Total assets	3,100,078
Total liabilities	40,354
Total shareholders' equity	3,059,724
Total liabilities and shareholders' equity	3,100,078

The following table sets out selected carve-out financial information of the Artificial Location Intelligence Business for the periods indicated below and should be considered in conjunction with the more complete information contained in the financial statements attached as Schedule "E" to this Circular.

($)	Fiscal year ended March 31, 2019 (audited)	Fiscal year ended March 31, 2018 (audited)
Statement of Loss Data		
Sales	22,348	94,544
Cost of sales	-	(30,886)
Gross profit	22,348	63,658
Expenses	76,140	23,040

Balance Sheet Data:		
Total assets	-	21,782
Total liabilities	34,071	-
Total shareholders' equity	(34,071)	21,782

Recent Financings

In connection with the Transaction, Loc8 completed a non-brokered private placement (the "**Loc8 Financing**") at a price of $0.30 per subscription receipt (each a "**Loc8 Subscription Receipt**") in the following two tranches:

- 3,925,666 Loc8 Subscription Receipts (raising proceeds of $1,177,699.80) closed on October 8, 2020; and

- 383,334 Loc8 Subscription Receipts (raising proceeds of $115,000.20) closed on October 30, 2020.

Each Loc8 Subscription Receipt consists of one (1) Loc8 Share.

Available Funds

Following the completion of the Transaction, it is expected that the Resulting Issuer will have the following funds available to it as of the Effective Date:

Source of funds	**Amount ($)**
Existing unrestricted cash available	1,846,250

Notes:

(1) Includes proceeds raised by the Loc8 Financing.

Principal Purposes of Funds

The following table sets out the principal purposes, using approximate amounts, for which the Resulting Issuer intends to use its available funds on completion of the Transaction.

Use of funds	**Amount ($)**
Research and development	200,000
Marketing fees	30,000
Patent and trademark expense	16,000
Working capital	1,600,250

Total	**1,846,250**

Notes:

(1) Includes proceeds raised by the Loc8 Financing.

The Resulting Issuer intends to spend the funds available to it for the principal purposes indicated above. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. See "*Risk Factors*".

Interests of Certain Persons in the Transaction

Except as disclosed herein, no Insider or Control Person of the Corporation or Loc8 and no Associate or Affiliate of same has any interest in the Grapevine Sale and the Amalgamation other than that which arises from their holding of Common Shares of Loc8 Shares, respectively.

Conflicts of Interest

The proposed directors and officers of the Resulting Issuer will be required, by law, to act honestly and in good faith with a view to the best interests of the Resulting Issuer and to disclose any interests which they may have in any project or opportunity of the Resulting Issuer. To the best of the Corporation, Loc8 and the Resulting Issuer's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest among the Resulting Issuer and the proposed directors and officers as a result of their outside business interests, except that certain of the proposed directors and officers may serve as directors of other companies. Therefore it is possible that a conflict may arise. Conflicts, if any, will be subject to the procedures and remedies prescribed by corporate and securities laws, regulations and policies, as applicable.

Listing and Share Price on the Exchange

The Common Shares are currently listed on the CSE under the trading symbol "AYL". The closing trading price of the Common Shares on the CSE on September 1, 2020 (the last trading day before trading was halted) was $0.035. There is no public market for the Loc8 Shares and Loc8 Shares are not listed on any stock exchange. The Resulting Issuer Shares are expected to be listed on the CSE following completion of the Transaction.

Exchange Approval

As of the date of this Circular, the CSE has not yet approved the Transaction or the listing of the Resulting Issuer Shares on the CSE upon completion of the Transaction. Any approval issued by the CSE will be subject to the Resulting Issuer fulfilling all of the requirements of the CSE.

Risk Factors

An investment in the Common Shares or the Resulting Issuer Shares before or after completion of the Transaction, as applicable, should be considered highly speculative due to the nature of the business of the Corporation and Loc8. The business of the Resulting Issuer following completion of the Transaction will be subject to a number of risks encountered by early stage technology companies, such as: Loc8's limited operating history and negative operating cash flow and absence of profits; reduction in consumer confidence in Loc8's products; ownership and protection of intellectual property; intellectual property infringement claims; regulatory compliance; reliance on management; growth-related risks; online security breaches and service disruptions; dependence on software and device updates; failure to innovate (before future capital requirements); future capital requirements; conflicts of interest; litigation risk; changes in technology; risks associated with COVID-19; risks associated with strategic alliances; system interruption risk; catastrophic event risk; risks associated with technology and innovation; and an inability to implement its business strategy.

For a more detailed description of these risks and others, see "*Part II - The Transaction - Risk Factors*".

NEITHER THE CSE NOR ANY SECURITIES REGULATORY AUTHORITY HAS IN ANY WAY PASSED UPON THE MERITS OF THE PROPOSED TRANSACTION DESCRIBED HEREIN.

MANAGEMENT INFORMATION CIRCULAR

FOR THE SPECIAL MEETING OF THE SHAREHOLDERS OF

AYLEN CAPITAL INC.

TO BE HELD ON DECEMBER 17, 2020

No person has been authorized to give any information or to make any representation with respect to the matters to be considered at the Meeting other than those contained in this Circular, and if given or made, such information or representation should not be relied upon as having been authorized. This Circular does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or proxy solicitation.

All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth under the "*Glossary of Terms*". Information contained in this Circular is given as of the Effective Date, unless otherwise specifically stated.

All information contained in this Circular with respect to the Corporation was supplied by the Corporation for inclusion. All information contained in this Circular with respect to Loc8 was supplied by Loc8 for inclusion.

CURRENCY

All currency amounts expressed herein, unless otherwise indicated, are in Canadian dollars.

FINANCIAL STATEMENT INFORMATION

The financial statements of the Corporation, Loc8 and the carve-out financial statements of the Artificial Location Intelligence Business (including the pro forma financial statements) contained in this Circular have been prepared in accordance with IFRS.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

The information provided in this Circular, including information incorporated by reference, may contain "forward-looking statements" about the Corporation. In addition, the Corporation may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Corporation that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Corporation that address activities, events or developments that the Corporation expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of management and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- the Corporation's expectations regarding its expenses, sales and operations;
- the Corporation's ability to anticipate the future needs of its customers;
- the Corporation's ability to attract new customers and obtain or increase purchases from repeat customers;
- the Corporation's plans for broadening the scope of products offered to potential customers;
- the Corporation's plans to raise awareness of its brand through marketing and promotional activities;
- the Corporation's plans to manage new and existing technologies;
- anticipated trends and challenges in the markets in which the Corporation operates; and
- listing of the Resulting Issuer Shares on the CSE.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including: expectations and assumptions concerning timing of receipt of required shareholder and regulatory approvals and any applicable third-party consents, if any; and expectations and assumptions concerning the success of the Corporation.

Although the Corporation believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Forward-looking statements address future events and conditions that by their very nature involve inherent risks and uncertainties. Accordingly, actual results could differ materially from those currently anticipated due to a number of factors and risks including but not limited to: no assurance that the Transaction will be completed; Loc8's limited operating history and negative operating cash flow and absence of profits; reduction in consumer confidence in Loc8's products; ownership and protection of intellectual property; intellectual property infringement claims; regulatory compliance; reliance on management; growth-related risks; online security breaches and service disruptions; dependence on software and device updates; failure to innovate (before future capital requirements); future capital requirements; conflicts of interest; litigation risk; changes in technology; risks associated with COVID-19; risks associated with strategic alliances; system interruption risk; catastrophic event risk; risks associated with technology and innovation; and an inability to implement its business strategy, as more particularly described under the heading "*Part II – The Transaction -Risk Factors*". **Consequently, all forward-looking statements made in this Circular and other documents of the Corporation are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Corporation. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Corporation and/or persons acting on the Corporation's behalf may issue. The Corporation undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.**

Market and Industry Data

This Circular includes market and industry data that has been obtained from third party sources, including industry publications. The Corporation believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Although the data is believed to be reliable, the Corporation has not independently verified any of the data from third party sources referred to in this Circular or ascertained the underlying economic assumptions relied upon by such sources.

PART I – PROXY RELATED INFORMATION

Solicitation of Proxies

THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE CORPORATION OF PROXIES TO BE USED AT THE MEETING OF SHAREHOLDERS OF THE CORPORATION TO BE HELD AT THE TIME AND PLACE AND FOR THE PURPOSES SET FORTH IN THE ACCOMPANYING NOTICE OF MEETING OF SHAREHOLDERS AND AT ANY ADJOURNMENT THEREOF.

It is expected that the solicitation will be made primarily by mail. However, officers of the Corporation may also solicit proxies by telephone, facsimile, e-mail or in person. The total cost of solicitation of proxies will be borne by the Corporation.

Appointment Revocation and Deposit of Proxies

The persons named in the enclosed forms of proxy are directors and/or officers of the Corporation who have been selected by the directors of the Corporation and have indicated their willingness to represent (as proxies) the shareholders who appoint them.

A SHAREHOLDER HAS THE RIGHT TO APPOINT AS HIS OR HER PROXY A PERSON OR COMPANY, WHO NEED NOT BE A SHAREHOLDER, OTHER THAN

THOSE WHOSE NAMES ARE PRINTED ON THE ACCOMPANYING FORMS OF PROXY. A SHAREHOLDER WHO WISHES TO APPOINT SOME OTHER PERSON OR COMPANY TO REPRESENT HIM OR HER AT THE MEETING MAY DO SO EITHER BY CLEARLY INSERTING SUCH OTHER PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORMS OF PROXY AND SIGNING THE FORM OF PROXY, OR BY COMPLETING AND SIGNING ANOTHER PROPER FORM OF PROXY.

Proxies to be used at the Meeting must be deposited with Computershare Trust Company of Canada at 100 University Avenue, Toronto Ontario M5J 2X1 at least 48 hours (excluding Saturdays, Sundays and holidays) preceding the Meeting or at any adjournment thereof. A shareholder who has given a proxy may revoke it, as to any motion on which a vote has not already been cast pursuant to the authority conferred by it, by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The revocation of a proxy, in order to be acted upon, must be deposited with Computershare Trust Company of Canada at 100 University Avenue, Toronto Ontario M5J 2X1 prior to 10:00 a.m. on the last business day immediately preceding the Meeting or with the chairman of the Meeting before the commencement of the Meeting or at any adjournment thereof. A proxy may also be revoked in any other manner permitted by law.

Voting Securities and Principal Holders Thereof

The authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series of which, as of the date of this Circular, 18,642,295 Common Shares and no preferred shares of the Corporation are issued and outstanding.

Common Shares

The holders of Common Shares are entitled to dividends, if, as and when declared by the board of directors of the Corporation, to receive notice of and to vote at meetings of the shareholders of the Corporation on the basis of one (1) vote per Common Share and, upon liquidation, to share equally in such assets of the Corporation as are distributed to the holders of Common Shares. There are no pre-emptive, redemption, purchase or conversion rights attached to Common Shares.

Record Date

The board of directors of the Corporation fixed the close of business on November 2, 2020 as the record date (the "**Record Date**") for determining which shareholders shall be entitled to receive notice of the Meeting and to vote in person or by proxy at the Meeting or any adjournment thereof. Pursuant to the CBCA, the Corporation is required to prepare, no later than ten (10) days after the Record Date, an alphabetical list of the shareholders entitled to vote as of the record date that shows the number of Common Shares held by each shareholder. A shareholder whose name appears on the list referred to above is entitled to vote the shares shown opposite his or her name at the Meeting. The list of shareholders is available for inspection during usual business hours at the management office of the Corporation.

Principal Holders

As of the date hereof, and before completion of the Transaction, the directors and officers of the Corporation own or control, directly or indirectly, in the aggregate, 8,023,063 Common Shares of the Corporation, representing approximately 43% of the issued and outstanding Common Shares.

To the knowledge of the directors and executive officers of the Corporation, as of the Record Date, except as indicated below, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying ten percent (10%) or more of the voting rights attached to any class of voting security of the Corporation except for the Pennal Family who hold or exercise control or direction over 6,694,563 Common Shares, representing 35.9% of the outstanding Common Shares.

Manner of Voting and Exercise of Discretion by Proxies

The persons named in the enclosed form of proxy for Common Shares will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them and, if the shareholder clearly specifies a choice with respect to any matter to be acted upon, the Common Shares shall be voted accordingly.

WHERE NO CHOICE IS SPECIFIED, THE PROXY WILL CONFER DISCRETIONARY AUTHORITY AND WILL BE VOTED IN FAVOUR OF THE MATTERS IDENTIFIED IN THE NOTICE AND DESCRIBED IN THIS CIRCULAR. THE ENCLOSED FORM OF PROXY ALSO CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN TO VOTE WITH RESPECT TO ANY AMENDMENTS OR VARIATIONS TO THE MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING IN SUCH MANNER AS SUCH NOMINEE IN HIS JUDGMENT MAY DETERMINE. AS OF THE DATE OF THIS CIRCULAR, MANAGEMENT OF THE CORPORATION KNOWS OF NO SUCH AMENDMENTS, VARIATIONS OR OTHER MATTERS TO COME BEFORE THE MEETING OTHER THAN THE MATTERS REFERRED TO IN THE NOTICE.

Non-Registered Shareholders

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Corporation are "non-registered" shareholders because the Common Shares of the Corporation they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the common shares. A person is not a registered shareholder (a "**Non-Registered Shareholder**") in respect of Common Shares which are held either: (a) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Holder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited), of which the Intermediary is a participant. Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Corporation are referred to as "**NOBOs**". Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Corporation are referred to as "**OBOs**". In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, the Corporation has elected to send the Notice, this Circular and the forms of proxy (collectively, the "**Meeting Materials**") directly to the NOBOs, and indirectly through Intermediaries to the OBOs. The Intermediaries (or their service companies) are responsible for forwarding the meeting materials to each OBO, unless the OBO has waived the right to receive them. The Corporation will pay for the Intermediaries to deliver the meeting materials to each OBO.

Intermediaries will frequently use service companies to forward the meeting materials to the OBOs. Generally, an OBO who has not waived the right to receive meeting materials will either:

a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of common shares beneficially owned by the OBO and must be completed, but not signed, by the OBO and deposited with Computershare Trust Company of Canada; or

b) more typically, be given a voting instruction form ("**VIF**") which is not signed by the Intermediary, and which, when properly completed and signed by the OBO and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow.

These securityholder materials are being sent to both registered shareholders and Non-Registered Holders. If you are a Non-Registered Holder, and the Corporation or its agent has sent these materials to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for: (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

The Meeting Materials sent to NOBOs who have not waived the right to receive meeting materials are accompanied by a VIF, instead of a form of proxy. By returning the VIF in accordance with the instructions noted on it, a NOBO is able to instruct the voting of the Common Shares owned by it.

VIFs, whether provided by the Corporation or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF. The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares which they beneficially own. Should a Non-Registered Holder who receives a VIF wish to attend the Meeting or have someone else attend on his or her behalf, the Non-Registered Holder may simply clearly print the name of the person to attend the Meeting in the space provided for this purpose on the VIF and a legal form of proxy will be sent to the Non-Registered Holder which will grant the Non-Registered Holder's appointee the right to attend the Meeting and vote in person.

If you receive a VIF, please return your voting instructions as specified in the VIF. Non-Registered Holders who receive a VIF should carefully follow the instructions set out in the VIF, including those regarding when and where the VIF is to be delivered.

All references to the Corporation's shareholders in this Circular and the accompanying form of proxy and Notice of Meeting are to shareholders of record on the Record Date, unless otherwise stated.

Amendments or Adjournments

Management does not know and cannot foresee at the present time any amendments or new points to be brought before the Meeting, or any adjournment thereof. If such amendments or new points were to be properly brought before the Meeting, or any adjournment thereof, the persons named in the enclosed form of proxy will vote on such matters in the way they consider advisable.

PART II – THE TRANSACTION

In connection with the Transaction, shareholders of the Corporation will be asked at the Meeting to approve, among other things, the Grapevine Sale, the Amalgamation, the Name Change, the Consolidation and the election of directors. Details regarding the foregoing matters are set forth in this Circular and the attached schedules. Shareholders are urged to carefully read the information in this Circular and the schedules in order to make an informed decision.

Background

As of the date hereof, the Corporation carries on the business of its wholly owned subsidiary, Grapevine Analytics. Grapevine Analytics licenses and sells web-based surveys and data collection software to third parties, most of whom are companies based in North America. Its software is used to perform customizable employee evaluations, employee surveys, customer surveys, training surveys, web polls and data collection surveys. The business of Grapevine Analytics is not fully developed and may require additional funding to continue operations or to develop their business plans until it becomes self-funding.

The performance of Grapevine Analytics has been on a steady decline since the Corporation first acquired the company. In particular, revenues of Grapevine Analytics for the first quarter of 2020 steadily decreased 19.7% from the same period in the prior year. The first quarter of 2020 also saw the COVID-19 outbreak which has presented an unpredictable environment for Grapevine Analytics, particularly with respect to reducing customer demand, as its customers experience supply chain disruptions, staff shortages, and enhanced government regulations. Accordingly, the Corporation has explored its options and determined that it was in its best interest to execute the Acquisition Agreement which among other things, contemplates the sale of all of the issued and outstanding capital of Grapevine Analytics held by the Corporation.

The Acquisition Agreement

The Corporation has entered into the Acquisition Agreement, pursuant to which, the Corporation will sell all of the issued and outstanding securities of Grapevine Analytics and will acquire the all of the issued and outstanding Loc8 Shares pursuant to a "three-cornered" amalgamation, whereby:

Terms regarding the Grapevine Sale, the Consolidation and the Amalgamation

- the Corporation will sell all of the shares held in Grapevine Analytics to 177 in exchange for $1.00 and will assume all of the liabilities related to the Grapevine Analytics business that is not sheltered by tax-loss carry-forwards of the Corporation;

- the late John D. Pennal's employment agreement with the Corporation will be cancelled;

- the Corporation will pay a dividend to all holders of Common Shares prior to the completion of the proposed Amalgamation, with such dividend being equal to the Corporation's unencumbered cash on the ex-dividend rate (approximately $400,000);

- 177 will indemnify the Corporation for any taxes, losses and other liabilities arising from or related to the Grapevine Sale;

- the Corporation will consolidate its Common Shares on the basis of one (1) new share for every four (4) old Common Shares (the "**Consolidation**");

- holders of Loc8 Subscription Receipts will automatically receive one (1) Loc8 Share;

- Acquireco and Loc8 will amalgamate;

- each holder of Loc8 Shares will transfer their Loc8 Shares to the Corporation and will receive one (1) fully paid and non-assessable Resulting Issuer Share for each Loc8 Share held;

- the Corporation will receive one (1) fully paid non-assessable common share of Amalco for all of the common shares of Acquireco held by the Corporation, following which all common shares of Acquireco will be cancelled; and

- all Loc8 Shares held by the Corporation as a result of the exchanges described above shall be cancelled and the Corporation will receive, for each Loc8 Share, one (1) common share of Amalco and Amalco will be a wholly-owned subsidiary of the Corporation.

A total of 87,884,000 Resulting Issuer Shares are expected to be issued to the Loc8 securityholders following the completion of the Transaction. Upon the completion of the

Amalgamation, Amalco will be a wholly-owned subsidiary of the Corporation. The principal business of the Resulting Issuer will be the current business of Loc8.

It is expected that upon completion of the Transaction the Resulting Issuer Board will consist of four (4) directors, namely: Rahul Kushwah, Sheldon Kales, Tomas Sipos and Nandan Mishra. The appointment of the aforementioned directors is conditional upon completion of the Transaction and satisfactory review by the CSE.

The Corporation also intends to change its name to "DeepSpatial Inc." upon completion of the Transaction.

Representations, Warranties and Covenants

The Acquisition Agreement contains representations and warranties made by each of the Corporation and Loc8 in respect of their respective assets, liabilities, financial position, business and operations. The Corporation and Loc8 have also each provided covenants in favour of the other which govern their respective conduct of their operations and affairs prior to completion of the Amalgamation.

Conditions to the Grapevine Sale and the Amalgamation

The Acquisition Agreement contains certain conditions to the obligations of the Corporation and Loc8 to complete the Transaction. Unless all of such conditions are satisfied or waived by the party or parties for whose benefit such conditions exist, the Transaction will not be completed. The following is a summary of the significant conditions contained in the Acquisition Agreement, among others:

- no material adverse change shall have occurred in the condition of either the Corporation or Loc8;

- the CSE shall have accepted the "fundamental change" and have approved the listing of the Resulting Issuer Shares to be issued to Loc8 shareholders pursuant to the Transaction, subject only to such conditions as are acceptable to the Corporation and Loc8, acting reasonably; and

- the Transaction shall have been approved by the shareholders of the Corporation other than the Pennal Family.

Consents and Approvals

There can be no assurance that all of the conditions to complete the Transaction will be fulfilled.

Recommendations of the Board

The Corporation's board of directors have unanimously determined that the Transaction is fair to the shareholders of the Corporation, and is in the best interests of the Corporation and its shareholders. The board of directors of the Corporation unanimously recommends that the

Corporation's shareholders vote **FOR** the resolution approving Transaction and all other matters to be considered at the Meeting.

Related Party Transaction

MI 61-101 regulates certain transactions to ensure equality of treatment among securityholders, generally requiring enhanced disclosure, approval by a majority of securityholders excluding "interested parties" or "related parties", independent valuations, and in certain instances, approval and oversight of the transaction by a special committee of independent directors.

The protections of MI 61-101 generally apply to "related party transactions" (as defined in MI 61-101) where an issuer directly or indirectly sells, transfers or disposes of an asset to a related party (as defined in MI 61-101) and including directors, executive officers and shareholders holding over 10% of the issued and outstanding shares of an issuer.

Pursuant to the terms of the Acquisition Agreement, 177 (an insider) will acquire all of the issued and outstanding shares of Grapevine. See " – *Required Shareholder Approvals for the Transaction*". Accordingly, the Grapevine Sale is a related party transaction pursuant to MI 61-101. Similarly, the Amalgamation is also a related party transaction as a result of being a "connected transaction" (as defined in MI 61-101) to the Grapevine Sale, which itself is a related party transaction.

Required Approvals

As a result of the foregoing, the Corporation must obtain a formal valuation unless an exemption from the valuation requirements can be relied upon, and must obtain majority of the minority shareholder approval in respect of the Sale and Amalgamation Resolution unless an exemption from the minority approval requirements can be relied upon. An exemption from the formal valuation requirement is available to the Corporation as it is not listed on a prescribed stock exchange, pursuant to Section 5.5(b) of MI 61-101. The Corporation intends to rely upon this exemption.

An exemption is not available for the minority approval requirements for the Sale and Amalgamation Resolution. Accordingly, each ordinary resolution requires the affirmative vote of a simple majority (50%+1) of the Minority Shareholder votes cast at the Meeting, while a special resolution requires the affirmative vote of two thirds (2/3) of the votes cast by the Minority Shareholders. The votes attached to the Pennal Shares will be excluded from voting in determining whether the Sale and Amalgamation Resolution has been approved. These excluded shares represent approximately 35.9% of all of the Corporation's issued and outstanding shares on a pre-Consolidation basis.

CEO Change

After the Acquisition Agreement was signed, the CEO and largest shareholder John D. Pennal was diagnosed with a terminal illness. As a result, he resigned as a director and President of the Corporation, and was replaced by Richard Sutin as President and his son John E. Pennal as director, to ensure continuity to complete the Transaction

Richard Sutin is a retired corporate lawyer with Norton Rose Fulbright LLP where he was a partner with the late John D. Pennal and acted as legal counsel to the Corporation and its predecessors.

Recommendation by the Special Committee

Since the Transaction constitutes a Related Party Transaction, the Corporation has appointed a special committee of two independent directors, being Douglas Babcook and William Hale (the "**Special Committee**"), to review the merits of the proposed Transaction. The Special Committee considered:

- the failed attempts to attract a reverse takeover candidate over the past years;
- the attractiveness of the Loc8 technology and business model;
- an independent valuation of Loc8's intellectual property;
- the Subscription Receipt financing;
- the combination of the dividend and prospective trading price of the Resulting Issuer shares compared to the trading price of the Corporation's shares over the past years; and
- the increased trading liquidity expected in the Resulting Issuer Shares.

The Special Committee also obtained a fairness opinion dated November 12, 2020, a copy of which is attached as Schedule "I".

Recommendation of the Board of Directors

On August 29, 2020 the Corporation's board of directors unanimously approved (with the late John D. Pennal abstaining) the Grapevine Sale and the Amalgamation. The Corporation's board of directors recommend that the Corporation vote **FOR** of the Sale and Amalgamation Resolution at the Meeting. In recommending that the shareholders of the Corporation vote in favor of the resolutions, the board of directors considered, among other things, the expected benefits of the Transaction as well as the following non-exhaustive factors:

- the information provided by Grapevine Analytics with respect to its financial condition, assets, operations and plans;

- the anticipated size and market liquidity of the Resulting Issuer following the Transaction;

- the expected cash position of the Resulting Issuer following the completion of the Transaction;

- the Subscription Receipt Financing;

- the evolving nature of technology and artificial intelligence in spatial analytics; and

- the recommendation of the Special Committee; and

- the prospects of the Corporation as a stand-alone entity.

The board of directors of the Corporation also considered a variety of risks and other potential negative factors relating to the Transaction, including those discussed under the heading "*Risk Factors*". The board of directors of the Corporation believes that the anticipated benefits of the Transaction to the Corporation outweigh these risks and negative factors.

Risk Factors

The Resulting Issuer will principally carry on the business of Loc8. The business currently conducted by Loc8 and to be conducted by the Resulting Issuer upon completion of the Transaction, is subject to a number of risks as outlined herein. In evaluating the Transaction, the Corporation's shareholders should carefully consider, in addition to the other information contained in this Circular, the risks and uncertainties described herein before deciding to vote in favour of the Transaction. While this Circular has described the risks and uncertainties that management of the Corporation and Loc8 believe to be material to the Resulting Issuer's business, it is possible that other risks and uncertainties affecting the Resulting Issuer's business will arise or become material in the future.

If the Resulting Issuer is unable to effectively address these and other potential risks and uncertainties following the completion of the Transaction, its business, financial condition or results of operations could be materially and adversely affected. In this event, the value of the Resulting Issuer Shares could decline and you could lose all or part of your investment.

No representation is or can be made as to the future performance of the Resulting Issuer and there can be no assurance that the Resulting Issuer will achieve its objectives. Readers should not rely upon forward-looking statements as a prediction of future results.

Limited operating history

Loc8 is a relatively new company with a limited operating history, and has yet to generate a profit from its operations. Loc8 is therefore subject to all of the business risks and uncertainties associated with any early stage business enterprise, including uncertainty of revenues, markets and profitability as well as the need to raise additional funding. There can be no assurance that Loc8 will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the risks, expenses and difficulties frequently encountered in early stages of operations.

Negative operating cash flow and limited profits

Loc8 has not limited profits to date and there is no assurance that it will earn any profits in the future, or that profitability, if achieved, will be sustained. Loc8 had negative operating cash flows for period from incorporation to June 30, 2020. Continued losses may have the following consequences:

- increasing vulnerability to general adverse economic and industry conditions;

- limiting the ability to obtain additional financing to fund future working capital, capital expenditures, operating costs and other general corporate requirements; and

- restricting its ability to pursue its business objectives.

Reduction in consumer confidence

Loc8's business is built on its ability to provide reliable service. Any erosion in a consumer's confidence in Loc8's business could adversely impact its business, revenue and results of operations. A number of factors could adversely affect consumers' confidence in the Loc8's business, many of which are beyond its control, including:

- any significant interruptions in Loc8's systems, including fire, natural disaster, power loss, telecommunications failure, terrorism, vendor failure, unauthorized entry and computer viruses;

- any breach of Loc8's security policies or applicable legal requirements resulting in a compromise of consumer data;

- dissemination of unfavourable information about Loc8 on social media platforms;

- regulatory, supervisory or enforcement actions as a result of non-compliance with applicable laws and regulations; and

- the impact of COVID-19 on target customers (physical retail).

Ownership and protection of intellectual property

Loc8's success will depend, in part, on its ability to obtain patents, or licenses to patents, maintain trade secret protection and enforce its rights against others. Loc8 may not be able to obtain patent protection for its technology such as new platform formulations, as they may fall beyond the scope of patenting. In addition, the coverage claimed in a patent application can be significantly reduced before a patent is issued. There can be no assurance that:

- patent applications will result in the issuance of patents;

- additional proprietary products developed will be patentable;

- patents issued will provide adequate protection or any competitive advantage;

- patents will not be successfully challenged by any third parties; or

- the patents of others will not impede Loc8's ability to commercialize its technology.

Intellectual property infringement claims

There can be no assurance that third parties will not claim infringement on the property rights of the Resulting Issuer or its personnel or future licensors, if any, with respect to the Resulting Issuer's methods products or future products. Frequent claims and related litigation concerning infringement of proprietary rights are common in many technology fields. The Resulting Issuer expects that its products and methods could be increasingly subject to third-party infringement claims as the number of competitors grows and the functionality of products and technology in different industry segments overlap. Third parties may currently have, or may eventually be issued, patents on which Loc8's methods, products, or technologies may infringe. In the event that a third party was to sustain a valid claim against Loc8 and/or the Resulting Issuer and any required license was not available on commercially reasonable terms, the Resulting Issuer's business, results of operations and financial condition could be materially and adversely affected. The Resulting Issuer could be required to pay infringement damages, modify its products so that they are non-infringing, discontinue offering products or devices which are found to be infringing and/or indemnify the Resulting Issuer's customers. In addition, litigation in which the Resulting Issuer is accused of infringement may cause negative publicity and adversely impact prospective customers. Efforts to defend such claims could also divert a significant portion of the Resulting Issuer's technical and management resources whether or not such claims are determined in the Resulting Issuer's favour.

In connection with the development of the Resulting Issuer's products, the Resulting Issuer expects that it will engage in consultation with employees, consultants, scientific advisors and other third parties who may assert an interest in such methods or products and who may have access to the company's trade secrets, technological innovation and confidential know-how, all of which are important to the Resulting Issuer's scientific and commercial success. The Resulting Issuer will take steps to protect the Loc8's intellectual property and proprietary information by requiring such persons to enter into confidentiality, non-disclosure or assignment of invention agreements or a combination thereof, where appropriate. However, no assurance can be given that such agreements will provide for meaningful protection of the Resulting Issuer's proprietary information in the event of any unauthorized use or disclosure of information. While the Resulting Issuer believes that a claim against it or Loc8 would be without merit, there can be no assurance that any such claims could be successfully defended.

Regulatory compliance

Loc8's business is subject to a wide variety of laws and regulations across all jurisdictions in which it operates, including, but not limited to, consumer disclosure and consumer protection laws, privacy laws, currency control regulations, money transfer and payment, instrument licensing regulations and laws covering consumer privacy, data protection and information security. Additional laws and regulations, or amendments to current laws and regulations could have a material adverse impact on Loc8 and cause increases in expenditures and costs, or restrict Loc8 existing operations and ability to expand operations. Failure of Loc8 to comply with applicable laws and regulations could result in the imposition of civil and criminal penalties, including fines, assessments, and injunctions, which in turn could adversely affect reputation, operations or financial condition or performance of the Resulting Issuer.

Reliance on management

Loc8's success is highly dependent upon the ability, expertise, judgment, discretion and good faith of its limited number of senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Failure to attract and retain qualified employees, or the loss or departure in the short-term of any member of the senior management may result in a loss of organizational focus, poor operating execution or an inability to identify and execute potential strategic initiatives. This could, in turn, materially and adversely affect the Resulting Issuer's business, financial condition and results of operation.

Growth-related risks

Loc8 may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. Loc8's ability to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. Any inability of Loc8 to effectively handle this growth may have a material adverse effect on the Loc8's business, financial condition, results of operations and prospects. While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, there can be no assurance that revenues will continue to increase at the same pace. Loc8's growth strategy can be adversely affected by a variety of factors, including some that are discussed elsewhere in the Circular, as well as:

- reliability of systems, processes and back end servers or applications;
- operator errors;
- inability to attract a sufficient number of qualified workers; and
- major incidents and/or catastrophic events such as fires, explosions, pandemics, earthquakes or storms.

As a result, there is a risk that Loc8 may not have the capacity to meet customer demand or to meet future demand when it arises. In order to manage its current operations and any future growth effectively, Loc8 will to continue to expend substantial financial and other resources on:

- personnel, including significant increases to the total compensation as the company grows its employee headcount;
- business development, including expenses relating to expansion in new markets and verticals; and
- general administration expenses, including legal, accounting and other compliance expenses associated with operating as a public company.

There can be no assurance that Resulting Issuer will be able to effectively manage growth, that its management, personnel or systems will be adequate to support its operations, or that it will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth, if any.

Online security breaches and service disruption

Loc8 receives, transmits and stores data as part of its business. These activities are subject to laws and regulations in several jurisdictions in which Loc8's services are available. These requirements, which often differ materially among the jurisdictions, are designed to protect the privacy of consumers' personal information and to prevent that information from being inappropriately disclosed.

Loc8 develops and maintains technical and operational safeguards designed to comply with applicable legal requirements; however, it cannot guarantee absolute protection against unauthorised attempts by third parties or current or former employees to access its systems or databases. If third parties gain improper access to Loc8's systems or databases or those of Loc8's service providers or partners, they may improperly obtain, disclose, delete or modify confidential data about Loc8's customers. Any breach of security policies or applicable legal requirements resulting in a compromise of consumer data could expose the Resulting Issuer to regulatory enforcement action, limit its ability to provide services, subject the Resulting Issuer to litigation and/or damage its reputation.

In addition, certain Canadian provinces have enacted laws requiring companies to notify individuals of data security breaches involving their personal data. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may cause the Resulting Issuer's customers to lose confidence in the effectiveness of its data security measures. Moreover, if a high profile security breach occurs with respect to a competitor of the Resulting Issuer, customers may lose trust in the security of the Resulting Issuer and its business generally, which could adversely impact the Resulting Issuer's ability to conduct business. Any security breach, whether actual or perceived, could harm the Resulting Issuer's business.

Dependence on software and device updates

The Resulting Issuer's platforms will be available on multiple operating systems. Changes to the device infrastructure or software updates on such devices could render the SaaS and other platforms and services of the Resulting Issuer inoperable and could result in decreased user engagement and customers. This could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operation.

Failure to Innovate

The Resulting Issuer's success may depend upon its ability to design, develop, test, market, license and support new products and enhancements of current products on a timely basis in response to both competitive threats and marketplace demands. In addition, software products and enhancements must remain compatible with the other software products and systems used by its customers. If new industry standards emerge that the Resulting Issuer does not anticipate or adapt to, its products could be rendered obsolete and, as a result, its business and operating results, as well as its ability to compete in the marketplace, would be materially harmed.

Future capital requirements

The Resulting Issuer's capital requirements will depend upon many factors, including industry and market conditions, its ability to successfully implement the Resulting Issuer's branding and marketing initiative, and expansion of its business. The Resulting Issuer anticipates that it may need to raise additional funds in order to grow its business and implement its business strategy. The Resulting Issuer anticipates that such additional funds would be raised through public or private debt or equity financings. In addition, the Resulting Issuer may enter into a revolving credit facility or a term loan facility with one or more syndicates of lenders. There can be no assurance that the Resulting Issuer will be able to raise additional capital, if available at all, on commercially reasonable terms to finance its growth objectives. Even if the Resulting Issuer is able to raise capital through equity or debt financings, as to which there can be no assurance, the interest of existing shareholders in the Resulting Issuer may be diluted, and the securities the Resulting Issuer may issue may have rights, preferences and privileges that are senior to those of the Resulting Issuer Shares or may otherwise materially and adversely affect the holdings or rights of the Resulting Issuer's existing shareholders. Furthermore, capital raised through debt financing would require the Resulting Issuer to make periodic interest payments and may impose restrictive covenants on the conduct of the Resulting Issuer's business.

Conflicts of Interest

The directors and officers of the Resulting Issuer may be or may become directors and officers of other companies. Accordingly, conflicts of interest may arise between their duties as officers and directors of the Resulting Issuer and as officers and directors of such other companies. Conflicts, if any, will be subject to the procedures and remedies under the applicable corporate law.

Litigation risk

The Resulting Issuer may, from time to time, become involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Resulting Issuer cannot reasonably predict the likelihood or the outcome of these actions. Adverse outcomes in some, or all of these, claims may result in significant monetary damages or injunctive relief that could adversely affect the Resulting Issuer's ability to conduct its business. Even if the Resulting Issuer prevails in any such legal proceeding, the proceedings could be costly and time consuming and may divert the attention of management and key personnel from the Resulting Issuer's operations.

Changes in technology

The Resulting Issuer's ability to compete in the markets it serves may be threatened by change, including changes in technology, changes with respect to consumer needs, competition and industry standards. The Resulting Issuer will actively seek solutions that respond (in a timely manner) to geospatial data development and client needs, however its failure to respond well to these challenges could adversely impact Resulting Issuer's business, financial position and results of operations.

Risks related to COVID-19

The Resulting Issuer will closely monitor the impact of COVID-19 on aspects of its business, including how the pandemic could impact patients, healthcare personnel, and the Resulting Issuer's operations. The Resulting Issuer is unable to predict the ultimate impact that it may have on its business, future results of operations, financial position or cash flows. The extent to which its operations may be impacted by this pandemic will depend largely on future developments, which are uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of the outbreak and actions by government authorities to contain the pandemic or treat its impact. Furthermore, the impacts of a potential worsening of global macroeconomic conditions and the continued disruptions to, and volatility in, the financial markets remains unknown.

Strategic alliances

The Resulting Issuer's growth and marketing strategies are based, in part, on seeking out and forming strategic alliances and working relationships with third parties. There can be no assurance that existing strategic alliances and working relationships will not be terminated or modified in the future, nor can there be any assurance that new relationships, if any, will afford the Resulting Issuer the same flexibility under which it currently operates. If the Resulting Issuer is unsuccessful in establishing or maintaining its relationship with these third parties, Resulting Issuer's ability to compete in the marketplace or to grow its revenue could be impaired, and operating results could suffer.

System interruptions

The Resulting Issuer's ability to provide reliable service largely depends on the efficient and uninterrupted operation of its intelligence platform. Any significant interruptions could harm its business and reputation and result in a loss of consumers. the Resulting Issuer's systems and operations could be exposed to damage or interruptions from fire, natural disaster, power loss, telecommunications failure, terrorism, vendor failure, unauthorized entry and computer viruses or other causes, many of which may be beyond its control. Although the Resulting Issuer will have taken steps to prevent a system failure, the measures taken may not be successful and Resulting Issuer may experience problems other than system failures. The Resulting Issuer may also experience software defects, development delays, installation difficulties and other systems problems, which would harm its business and reputation and expose it to potential liability which may not be fully covered by its business interruption insurance. The Resulting Issuer's data applications may not be sufficient to address technological advances, changing market conditions or other developments.

Catastrophic events

Events beyond the control of the Resulting Issuer may damage its ability to accept customer orders, maintain its platform or perform its servicing obligations. Such events include, but are not limited to pandemics, fires, earthquakes, terrorist attacks and natural disasters. In addition, these catastrophic events may negatively affect customers' demand for the Resulting Issuer's products and services.

Technology risk and innovation

Resulting Issuer's future success will partially depend upon its ability to continue to improve existing products and services through product innovation and to develop, market and produce new products and services. There can be no assurance that the Resulting Issuer will be successful in the introduction, marketing and production of any new products or product innovations or develop and introduce in a timely manner innovations to its existing products and services which satisfy customer needs or achieve market acceptance. The Resulting Issuer Issuer's failure to develop new products and introduce them successfully and in a timely manner could harm the Resulting Issuer's ability to grow its business and could have a material adverse effect on its business, results of operations and financial condition.

Inability to implement business strategy

There is no assurance that the Resulting Issuer's business plan will succeed in whole or in part. The success of the Resulting Issuer's development strategy will depend on a number of factors and there is no assurance that the Resulting Issuer will be able to achieve planned growth, that modifications to its strategy will not be required, or that the Resulting Issuer will be able to effectively market or manage expanded operations and enhance profitability. In addition, growth could place a significant strain on the Resulting Issuer's management, operational, financial and other resources. The Resulting Issuer's ability to manage growth effectively will require the development of management information systems capabilities and improvement of operational and financial systems. Moreover, the Resulting Issuer will need to train, motivate, and manage its employees and attract senior managers and technical professionals. Any failure to expand these areas and implement and improve such systems, procedures, and controls in an efficient manner at a pace consistent with the Resulting Issuer's business could have a material adverse effect on the Resulting Issuer's business, financial condition, and results of operations.

PART III – MATTERS TO BE ACTED ON AT THE MEETING

The Corporation is currently listed on the CSE. Upon completion of the Transaction the business of the Resulting Issuer will be that of Loc8, which is focused on providing GIS Artificial Intelligence insight to businesses.

Completion of the Transaction will constitute a "fundamental change" to the Corporation under Policy 8 of the CSE, and is therefore subject to approval by the Corporation's shareholders and the CSE. The Corporation will submit a listing statement (Form 2A) in respect of the proposed fundamental change to the CSE for review and completion and the completion of the Transaction remains subject to receipt of the CSE Approval. See "*Part II – The Transaction*", "*Part V – Information Concerning Loc8*" and "*Part VI – Information Concerning the Resulting Issuer*".

Sale and Amalgamation Resolution

The Corporation proposes to sell its 100% interest in Grapevine Analytics to 177 and to acquire Loc8. In connection with this, the Corporation proposes to change its name and business strategy to focus on the dynamic opportunity offered by the emerging GIS AI market. To this end, management and directors of Loc8 have agreed to join the Corporation and will bring expertise and a successful track record in this new environment. There is currently an opening in the market for AI, particularly in the area of geographic insight, and the Corporation intends to create value for its shareholders by continuing to develop its technology to help fill that void. The Corporation will rely on the expertise of management to create shareholder value on an ongoing basis. The Corporation's board of directors uniformly regard this opportunity as having superior potential in this new and developing sector.

The votes attached to the Pennal Shares will be excluded from voting. These excluded shares represent approximately 35.9% of all of the Corporation's issued and outstanding shares on a pre-Consolidation basis. Accordingly, at the Meeting, the Minority Shareholders will be asked to consider, and if deemed advisable, to approve and authorize a special resolution approving the sale of all of the issued and outstanding shares in the capital of Grapevine Analytics to 177 (the "**Sale and Amalgamation Resolution**"):

"BE IT RESOLVED BY A SPECIAL RESOLUTION THAT:

1. the sale of the Corporation's wholly-owned subsidiary, Grapevine Analytics Inc. ("**Grapevine Analytics**") as described in the management information circular of the Corporation dated November 13, 2020 be and is hereby authorized and approved;

2. the Amalgamation Agreement, the actions of the directors of the Corporation in approving the Amalgamation Agreement and related transactions and the actions of the directors and officers of the Corporation in executing and delivering the Amalgamation Agreement, and any amendments thereto in accordance with its terms are hereby ratified and approved;

3. the Corporation be and is hereby authorized to take all such further actions and to execute and deliver all such further instruments or documents relating to, contemplated by or necessary or desirable in connection with the sale of Grapevine Analytics;

4. any officer or director of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, agreements and instruments, and to perform or cause to be performed all such acts and things, as such officer or director shall determine to be necessary or desirable to give full effect to these resolutions and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents, agreements or instruments or the performing or causing to be performed of such other acts or things;

5. notwithstanding that this special resolution has been duly passed by the minority shareholders of the Corporation, the board of directors of the

Corporation be and is hereby authorized and empowered to defer acting on this special resolution or revoke this special resolution at any time before it is acted upon without further notice to or approval, ratification or confirmation by the shareholders if it determines that the sale of Grapevine Analytics is no longer in the best interests of the Corporation".

Section 190(1) of the CBCA provides that a shareholder of a company may send a notice of dissent to a company in respect of a special resolution under Subsections 184 and 189(3) of the CBCA. Accordingly, the Corporation's shareholders have the right to dissent from the Grapevine Sale and Amalgamation. See "*Rights of Dissenting Shareholders*" below for details of this dissent right.

The Corporation's board recommends that the Minority Shareholders vote FOR the Sale and Amalgamation Resolution. In order to be effective, the Sale and Amalgamation Resolution must be approved by at least two thirds of the Minority Shareholder votes cast in respect thereof in person or by proxy at the Meeting. Unless otherwise specified, the persons named in the enclosed form of proxy intend to vote FOR the Sale and Amalgamation Resolution.

Rights of Dissenting Shareholders to the Grapevine Sale

Section 190 of the CBCA provides that a shareholder of the Corporation has the right to dissent from the Grapevine Sale ("**Right of Dissent**"). A shareholder of the Corporation who validly exercises the Right of Dissent, will be entitled, if the Grapevine Sale and Amalgamation are completed, to be paid the fair value of the dissenting shareholder's Common Shares determined in accordance with the provisions of Section 190 of the CBCA.

The following description of the rights of dissenting shareholders in respect of the Grapevine Sale is not a comprehensive statement of all of the procedures to be followed by a dissenting shareholder who seeks payment of the fair value of his or her Common Shares and is qualified in its entirety by the reference to the full text of Section 190 of the CBCA, which is attached to this Circular as Schedule "H". The statutory provisions covering the Right of Dissent and appraisal are technical and complex. Any shareholders who wish to exercise their Rights of Dissent and appraisal in respect of the Grapevine Sale should seek their own legal advice, as failure to comply strictly with the provisions of Section 190 of the CBCA may result in a loss of all rights thereunder.

Any registered shareholder of the Corporation is entitled, in addition to any other right he or she may have, to dissent ("**Dissenting Shareholder**") and to be paid by the Corporation the fair value of the Common Shares owned by him or her in respect of which he or she dissents, determined as of the close of business on the last business day before the day on which the resolution from which he or she dissents was adopted.

A Dissenting Shareholder is not entitled to dissent with respect to any Common Shares if such Dissenting Shareholder votes (or instructs or is deemed, by submission of an incomplete proxy, to have instructed a proxyholder to vote) any Common Shares in favour of the Grapevine Sale, but such Dissenting Shareholder may abstain from voting on the Sale and Amalgamation

Resolution (or from submitting a proxy) without affecting the Dissenting Shareholder's dissent rights.

A Dissenting Shareholder may dissent only with respect to all of the Common Shares owned by such Dissenting Shareholder on his or her own behalf or on behalf of any one beneficial owner and registered in his or her name. **Persons who are beneficial owners of Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent, should be aware that only the registered owner of such Common Shares is entitled to dissent. Accordingly, a beneficial owner of Common Shares desiring to exercise his or her right to dissent must make arrangements for the Common Shares beneficially owned by him or her to be registered in his or her name prior to the time the written objection to the Sale and Amalgamation Resolution is required to be received by the Corporation or, alternatively, make arrangements for the registered holder of his or her Common Shares to dissent on his or her behalf.**

A Dissenting Shareholder must send to the Corporation a written objection to the Sale and Amalgamation Resolution, which written objection (the "**Objection Notice**") must be received by the Corporation or by the Chairman of the Meeting at or before the Meeting unless the Corporation did not give notice to the Dissenting Shareholder of the purpose of the Meeting and of his or her Right of Dissent. If the Sale and Amalgamation Resolution is passed, the Corporation is required to give each Dissenting Shareholder who filed an Objection Notice, notice of the adoption of the Disposition Resolution (the "**Adoption Notice**"). The Dissenting Shareholder is then required within 20 days after receipt of the Adoption Notice to make a demand for payment of fair value of his or her Common Shares (the "**Demand for Payment**").

A Dissenting Shareholder ceases to have any rights as a shareholder of the Corporation, other than the right to be paid the fair value of his or her Common Shares, on the earliest of the closing of Grapevine Sale, the making of an agreement between the Corporation and the Dissenting Shareholder as to the payment to be made for the Dissenting Shareholder's Common Shares or the pronouncement of the order of a court fixing the fair value of the shares. Until any of the foregoing events occur, the Dissenting Shareholder may withdraw his or her dissent, or the Corporation may rescind the Sale and Amalgamation Resolution and in either event, proceedings under Section 190 of the CBCA shall be discontinued.

Not later than seven (7) days after the later of the receipt of a Demand for Payment and the closing of Grapevine Sale, the Corporation is then required to send to each Dissenting Shareholder delivering a Demand for Payment a written offer to pay (the "**Offer to Pay**") the amount considered by the directors of the Corporation to be the fair value thereof accompanied by a statement showing how the fair value was determined.

If the Corporation fails to make an Offer to Pay or a Dissenting Shareholder fails to accept the Offer to Pay, the Corporation may apply to the court to fix the fair value. If the Corporation fails to apply to the court, a Dissenting Shareholder may apply.

A Dissenting Shareholder may make an agreement with the Corporation for the purchase of the Dissenting Shareholder's Common Shares by the Corporation, in the amount of the offer by the

Corporation or otherwise, at any time before the court pronounces an order fixing the fair value of the Common Shares.

On an application under Section 190 of the CBCA, the court must make an order fixing the fair value of the Common Shares of all Dissenting Shareholders, giving judgment in that amount against the Corporation and in favour of each Dissenting Shareholder, and fixing the time within which the Corporation must pay that amount to a Dissenting Shareholder. The court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder from the date on which the Dissenting Shareholder ceases to have any rights as a shareholder of the Corporation until the date of payment. The Dissenting Shareholder is not required to give security for costs in respect of an application to the court to fix the fair value of the Dissenting Shareholder's shares.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by a Dissenting Shareholder of the Corporation who seeks payment of the fair value of his or her Common Shares.

Shareholders who wish to exercise their Right of Dissent should carefully review Section 190 of the CBCA attached to this Circular as Schedule "H" and seek independent legal advice, as failure to adhere strictly to the Right of Dissent requirements may result in the loss of any right to dissent.

Approval of Name Change

At the Meeting, the Corporation's shareholders will be asked to consider, and if deemed advisable, to approve and authorize the following resolution in respect of the Name Change (the "**Name Change Resolution**"):

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. pursuant to Section 173(a) of the *Canada Business Corporations Act* (the "**CBCA**"), upon completion of the amalgamation, the articles of the Corporation be amended by changing the name of the Corporation to "DeepSpatial Inc." or such other name as the board of directors, in their sole discretion may resolve, the Director appointed under the CBCA permit, and the Canadian Securities Exchange may approve;

2. any one (1) director or officer of the Corporation is hereby authorized and directed to do all things and execute all instruments, documents, articles of amendment or restated articles of incorporation as in their opinion may be necessary or desirable in order to give effect to the foregoing special resolution;

3. Fogler, Rubinoff LLP be appointed as the agent of the Corporation to electronically file the articles of amendment in respect of the Name Change with the Director appointed under the CBCA;

4. notwithstanding the approval of the shareholders of the Corporation as herein provided, the board of directors of the Corporation may, in their sole discretion, revoke this special resolution before it is acted upon, and without further approval of the shareholders of the Corporation".

The board of the Corporation has unanimously approved the Name Change and recommends that shareholders vote <u>FOR</u> the Name Change Resolution. In order to be effective, the Name Change Resolution must be approved by at least two thirds of the votes cast in respect thereof in person or by proxy at the Meeting. Unless otherwise specified, the persons named in the enclosed form of proxy intend to vote <u>FOR</u> the Name Change Resolution.

Approval of the Consolidation

At the Meeting, shareholders of the Corporation will be asked to consider and, if thought advisable, pass a special resolution authorizing an amendment to the articles of the Corporation to effect the Consolidation (the "**Consolidation**"), the full text of which is set forth below.

The Corporation's board of directors believes that the Consolidation will enhance the marketability of the Common Shares and facilitate future financings undertaken by the Corporation. If approved and implemented, the Consolidation will affect the Corporation's shareholders uniformly and will not affect any shareholder's percentage ownership interest in the Corporation, except to the extent that the Consolidation would otherwise result in a shareholder owning a fractional share, as no fractional shares will be issued pursuant to the Consolidation and no cash will be paid in lieu of fractional shares. Any fractional share resulting from the Consolidation will be rounded down to the nearest whole share.

The effect of the Consolidation upon the market price of the Common Shares cannot be predicted with any certainty, and the history of similar consolidations for corporations in like circumstances is varied. It is possible that the share price of the Common Shares after the Consolidation will not rise in proportion to the reduction in the number of Common Shares outstanding resulting from the Consolidation.

The Corporation has an unlimited number of Common Shares available for issuance and the Consolidation will not have any effect on the number of Common Shares that remain available for future issuance.

As of the date hereof, the number of post-Consolidation Common Shares issued and outstanding after giving effect to the Share Consolidation, will be 4,660,574. The Consolidation will lead to an increase in the number of shareholders of the Corporation who will hold "odd lots"; that is, a number of shares not evenly divisible into board lots (a board lot is either 100, 500 or 1,000 shares, depending on the price of the shares). As a general rule, the cost to the shareholders transferring an odd lot of Common Shares is somewhat higher than the cost of transferring a "board lot". Nonetheless, the board of directors believes the Consolidation is in the best interest of all shareholders of the Corporation despite the potential increased cost to shareholders in transferring odd lots of post-Consolidation Common Shares.

The exercise or conversion price and the number of Common Shares issuable under any outstanding convertible securities of the Corporation, including Corporation Options will be proportionately adjusted if the Share Consolidation is effected.

A shareholder of the Corporation will generally not be considered to have disposed of Common Shares as a result of the Consolidation, and will not recognize a capital gain or a capital loss as a result of the Consolidation. The aggregate adjusted cost base to a holder of Common Shares of all its Common Shares will be the same after the Consolidation as it was before the Consolidation. The aggregate adjusted cost base will be averaged across the total number of post-Consolidation Common Shares owned by the shareholder immediately after the Consolidation.

The implementation of the Consolidation is conditional upon the Corporation obtaining the necessary regulatory consents including the CSE. In order to receive CSE approval, the Corporation must submit certain documentation including a new CUSIP number for the post-Consolidation Common Shares and a new form of share certificate.

In order to be effective, approval of the Consolidation requires approval by a special resolution passed by the shareholders of the Corporation. A special resolution is a resolution passed by a majority of not less than two thirds of the votes cast in person or by proxy.

If the Consolidation Resolution is passed by the requisite number of shareholders at the Meeting and receives the required regulatory approvals, and if the directors do not revoke the Consolidation Resolution before it is acted upon, then upon filing the articles of amendment to implement the consolidation, the pre-Consolidation Common Shares will be consolidated into post-Consolidation Common Shares. Provided the Corporation obtains the requisite shareholder approval at the Meeting, the Consolidation will be effective on the date on which the Board determines to carry out the Consolidation, as approved by the CSE.

Mechanics of the Consolidation

Following an announcement of the effective date of the Consolidation, it is anticipated that a letter of transmittal containing instructions with respect to the surrender of share certificates representing the pre-Consolidation Common Shares will be furnished to registered shareholders. This letter of transmittal will contain instructions on how to surrender the certificates representing the pre-Consolidation Common Shares in order to receive certificates representing the post-Consolidation Common Shares.

Following the return of a properly completed and executed letter of transmittal, together with the share certificates for the pre-Consolidation Common Shares, the certificates for the appropriate number of post-Consolidation Common Shares will be issued.

Non-Registered Shareholders

Non-Registered Shareholders holding their Common Shares through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for processing the Consolidation than those that will be put in place by the Corporation for

Registered Shareholders. Following implementation of the Consolidation, shareholders holding Common Shares with such a bank, broker or other nominee are encouraged to contact the nominee holding the shareholder's Common Shares.

Even if the Consolidation Resolution is approved, the board of directors retains the power to revoke it at all times without any further approval by the shareholders. The board of directors will only exercise such power in the event that it is, in its opinion, in the best interest of the Corporation.

The following is the text of the "**Consolidation Resolution**" which will be put forward at the Meeting:

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. subject to the Corporation first receiving any required regulatory approvals, the articles of the Corporation be amended to consolidate (the "**Share Consolidation**") all of the issued and outstanding common shares ("**Common Shares**") of the Corporation on the basis of up to four (4) old Common Shares for one (1) new Common Share;

2. any fractional Common Shares arising from the Share Consolidation be rounded down to the nearest whole Common Share;

3. any director or officer of the Corporation be, and such director or officer of the Corporation hereby is, authorized, instructed and empowered, acting for, in the name of and on behalf of the Corporation, to execute and deliver or cause to be executed and delivered all such documents and instruments, including, without limitation, to execute (under the corporate seal of the Corporation or otherwise) and deliver articles of amendment of the Corporation, in duplicate, to the Director under the *Canada Business Corporations Act* (the "**CBCA**"), and to do or to cause to be done all such other acts and things as in the opinion of such director or officer of the Corporation may be necessary or desirable in order to fulfill the intent of this resolution;

4. the board of directors of the Corporation, in its sole and complete discretion, may act upon this resolution to effect the Share Consolidation, or if deemed appropriate and without any further approval from the shareholders of the Corporation, may choose not to act upon this resolution notwithstanding shareholder approval of the Share Consolidation and are authorized to revoke this resolution in their sole discretion at any time prior to the endorsement by the Director appointed under the CBCA, of a certificate of amendment of the articles in respect of the Share Consolidation; and

5. any one director or officer of the Corporation is authorized to cancel (or cause to be cancelled) any certificates evidencing the existing Common Shares and to issue (or cause to be issued) certificates representing the new Common Shares to the holders thereof."

THE CORPORATION'S DESIGNEES, IF NAMED AS PROXY, INTEND TO VOTE FOR THE CONSOLIDATION RESOLUTION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN ITS PROXY THAT ITS COMMON SHARES ARE TO BE VOTED AGAINST THE CONSOLIDATION RESOLUTION. THE CURRENT BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE SPECIAL RESOLUTION, THE FULL TEXT OF WHICH IS SET FORTH ABOVE, APPROVING THE SHARE CONSOLIDATION.

Election of Directors

Pursuant to the CBCA and the Corporation's By-laws, the board of directors have determined that there will be four (4) persons elected to the board of directors at the Meeting. Unless a director's office is earlier vacated in accordance with the provisions of the CBCA, each elected director will hold office until the conclusion of the next annual meeting of the Corporation, or if no director is then elected, until a successor is elected.

The following table sets out the names of management's four (4) nominees for election as directors, all major offices and positions with the Corporation and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment (for the five (5) preceding years), the period of time during which each has been a director of the Corporation and that number of Common Shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the Record Date.

Name and Residence of Proposed Directors	Principal Occupation and Present Offices Held	Director Since	Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly Upon Closing
Rahul Kushwah[1] Director and Chief Executive Officer *(Ontario, Canada)*	Director and Chief Operating Officer of Predictmedix Inc. since September 23, 2019. Scientist and researcher for various institutions.	Nominee	12,050,000[2] Resulting Issuer Shares
Sheldon Kales[1] Director *(Ontario, Canada)*	Director of Predictmedix Inc. since September 23, 2019. Investor for various endeavours.	Nominee	15,050,000[3] Resulting Issuer Shares
Tomas Sipos[1] Director *(Ontario, Canada)*	Mr. Sipos acts as the CFO of Pistil Partners Inc. He has also been a Director of Predictmedix Inc. since September 23, 2019.	Nominee	150,000

Name and Residence of Proposed Directors	Principal Occupation and Present Offices Held	Director Since	Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly Upon Closing
Nandan Mishra Director *(Lucknow, U.P., India)*	Technology and AI Specialist	Nominee	8,472,750[(4)]

Notes:

(1) Proposed member of the Audit Committee of the Board.

(2) 10,550,000 Loc8 Shares are held in Rahul Kushwah's name and 1,500,000 Loc8 Shares are held by Rahul Kushwah's wife (Samridhi Kushwah).

(3) 4,050,000 Loc8 Shares are held in his name (Sheldon Kales), 9,500,000 Loc8 Shares are held by wholly-owned company (Green Acres Medical Corp.) and 1,500,000 Loc8 Shares are held by Sheldon Kales' wife (Tally Bodenstein).

(4) 21,450,000 Loc8 Shares are held by Algo8. Nandan Mishra owns 39.5% of this company.

See "*VI – Information Concerning the Resulting Issuer – Directors, Officers and Promoters of the Resulting Issuer*" for additional information.

Other Business

Management of the Corporation is not aware of any matter to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matter properly comes before the Meeting, the accompanying form of proxy confers discretionary authority to vote with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters that may properly come before the Meeting.

Interests of Certain Persons in Matters to be Acted Upon

Directors and officers of the Corporation own beneficially, directly or indirectly, or exercise control or direction over, an aggregate of approximately 8,023,063 Common Shares (approximately 43% of the Common Shares outstanding as at the Record Date and on a pre-Consolidation basis). The directors and officers of the Corporation have indicated that they will vote all 8,023,063 Common Shares beneficially owned by them in favour of the Name Change and Consolidation and all other matters permitted to be voted by them at the Meeting.

Upon completion of the Amalgamation, it is anticipated that one of the current directors of the Corporation, Douglas Babcook, William Hale and John Edward Pennal, will resign and that the Resulting Issuer Board will consist of Rahul Kushwah, Sheldon Kales, Tomas Sipos and Nandan Mishra.

Except as disclosed elsewhere in this Circular, none of the Corporation's directors or senior officers, or their associates and Affiliates, have any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

Additional Information

The Corporation is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland. The Corporation files annual and other information with the local securities commissions and regulatory authorities of each of the previously named provinces. The Canadian securities regulatory authorities maintain a website that contains reports, proxy and other information regarding issuers that file with the securities regulatory authorities. The Corporation's filings can be found on the SEDAR website at www.sedar.com.

PART IV– INFORMATION CONCERNING THE CORPORATION

Corporate Structure

Name and Incorporation

Aylen Capital Inc. was incorporated under the CBCA on October 28, 2010. The registered and head office of the Corporation is located at 40 King Street, Scotia Plaza Suite 2502, Toronto, Ontario, Canada M5H 3Y2. The Corporation is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland.

The Corporation formed a new wholly-owned subsidiary, Acquireco (2774951 Ontario Limited) a company existing under the law of the Province of Ontario, for the purpose of carrying out the Amalgamation. Its registered head office is located at 40 King Street, Scotia Plaza Suite 2502, Toronto, Ontario, Canada M5H 3Y2.

General Development of the Business

The Corporation has been engaged in data collection services for companies through its subsidiary, Grapevine Analytics. In light of the ongoing challenges, risks, and uncertainties faced by Grapevine Analytics, the Corporation intends to pursue the Transaction through the acquisition of Loc8.

Narrative Description of the Business

See "*Part V – Information Concerning Loc8*".

Selected Financial Information and Management Discussion and Analysis

The following table sets forth selected financial information for the Corporation for the six (6) month period ended June 30, 2020 and the financial years ended December 31, 2019, 2018 and 2017, and selected balance sheet data as at June 30, 2020 and as at December 31, 2019, 2018,

2017. Such information is derived from, and should be read in conjunction with, the financial statements of the Corporation. See Schedule "A".

Income Statement Data	**Six (6) months ended June 30, 2020 (reviewed)($)**	**Year ending December 31, 2019 (audited)($)**	**Year ending December 31, 2018 (audited)($)**	**Year ending December 31, 2017 (audited)($)**
Revenues	295,931	607,576	560,714	789,260
Total expenses	328,369	836,877	826,222	870,511
Net income (loss) and comprehensive (loss) for the period	(30,106)	(214,223)	743,599	(81,251)

Financial Position Data	**June 30, 2020 (reviewed)($)**	**December 31, 2019 (audited)($)**	**December 31, 2018 (audited)($)**	**December 31, 2017 (audited)($)**
Total assets	613,663	659,183	930,959	120,737
Total liabilities	314,238	329,652	387,205	337,523
Total liabilities and shareholders' (deficiency)	613,663	659,183	930,959	120,737

Selected Quarterly Information

The following table summarizes selected quarterly and annual information for the Corporation for the most recently completed periods and should be read in conjunction with the Corporation's financial statements, including the notes attached thereto. The Corporation's financial statements for the quarters and years ended are attached as Schedule "A". The Corporation's financial statements are available on SEDAR at www.sedar.com.

($)	Quarter ending June 30, 2020	Quarter ending March 31, 2020	Year ending Dec 31, 2019	Quarter ending Sept 30, 2019	Quarter ending June 30, 2019	Quarter ending March 31, 2019	Year ending Dec 31, 2018	Quarter ending Sept 30, 2018
Revenue	145,563	150,369	607,576	146,238	154,392	187,023	560,714	159,189
Net income (loss) and comprehensive (loss) for the period	(49,370)	19,264	(214,223)	(8,995)	(36,979)	(22,911)	735,593	(52,166)
Shareholders' equity (deficiency)	613,663	707,614	659,183	741,065	770,649	807,501	930,959	73,620
Net income (loss) per share	(0.003)	0.001	(0.013)	(0.001)	(0.002)	(0.001)	0.044	(0.003)

Management's Discussion and Analysis

The Corporation's Management and Discussion Analysis for the year ended December 31, 2019 and for the six (6) month period ended June 30, 2020 are attached hereto as Schedule "B".

Market for Securities

The Common Shares have been listed and posted for trading on the CSE since September 17, 2013. Trading of the Common Shares was halted upon the announcement of the Amalgamation Agreement in accordance with CSE Policies on September 2, 2020.

Consolidated Capitalization

Not applicable.

Options to Purchase Securities

The Stock Option Plan (the "**Option Plan**") was adopted by the Corporation on December 5, 2011. As of the date of this Circular, all options to purchase common shares of the Corporation granted by the Corporation under the Option Plan have been exercised.

The details of the Option Plan are summarized below:

- the Option Plan reserves for issue pursuant to stock options, a maximum number of common shares equal to 10% of the outstanding common shares of the Corporation from time to time, with no mandatory vesting provisions;

- the number of common shares reserved for issue to any one person in any 12 month period under the Option Plan may not exceed 5% of the outstanding common shares at the time of grant without approval by disinterested shareholders;

- the aggregate number of common shares reserved for issue to any consultant in any 12 month period under the Plan may not exceed 2% of the outstanding common shares at the time of grant;

- the aggregate number of common shares reserved for issue to any employee conducting investor relations activities in any 12 month period under the Plan may not exceed 2% of the outstanding common shares at the time of grant;

- number of common shares issued to any one person within a 12 month period on the exercise of stock options may not exceed 5% of the outstanding common shares at the time of exercise without approval by disinterested shareholders;

- stock options may have a term not exceeding five (5) years;

- stock options are non-assignable and non-transferable; and

- the Option Plan contains provisions for adjustment in the number of common shares or other property issuable on exercise of stock options in the event of a share consolidation, split, reclassification or other relevant change in the common shares, or an amalgamation, merger or other relevant change in the Corporation's corporate structure, or any other relevant change in the Corporation's capitalization.

Description of Securities

The Corporation's authorized share capital consists of an unlimited number of Common Shares without par value and an unlimited number of preferred shares issuable in series. As of the date hereof, the outstanding capital of the Corporation consists of 18,642,295 Common Shares (on a pre-Consolidation basis) and no preferred shares of the Corporation are issued and outstanding.

<u>Common Shares</u>

The holders of Common Shares are entitled to dividends, if, as and when declared by the board of directors of the Corporation, to receive notice of and to vote at meetings of the shareholders of the Corporation on the basis of one vote per Common Share and, upon liquidation, to share equally in such assets of the Corporation as are distributed to the holders of Common Shares. There are no pre-emptive, redemption, purchase or conversion rights attached to Common Shares.

<u>Prior Sales</u>

The following table sets forth the issuances of securities of the Corporation (on a pre-Consolidation) for the past 12 months:

Date issued	Number of securities	Issue price per security ($)	Aggregate issue price ($)	Nature of consideration
October 16, 2020	1,785,663	$0.01	$17,856.63	Cash

Notes:

(1) The following Common Shares were issued following the exercise of incentive options granted by the Corporation pursuant to its Option Plan at a price of $0.001 per Common Share.

Stock Exchange Price

On September 17, 2013, the Corporation commenced trading on the CSE under the trading symbol "AYL". The following sets forth the monthly high and low trading prices and volume of trading of the Common Shares on the CSE for the periods indicated.

	Exchange Price		
	High	Low	Volume
September 1, 2020(1)	0.035	0.035	34,000
August 1 - August 31, 2020	0.085	0.025	2,205,000
July 1 – July 31, 2020	0.04	0.015	42,000
June 1 – June 30, 2020	0.04	0.01	78,500
May 1- May 31,2020	0.035	0.01	110,800
Quarter ended March 31, 2020	0.025	0.005	33,200
Quarter ended December 31, 2019	0.015	0.01	141,100
Quarter ended September 30, 2019	0.02	0.01	36,035
Quarter ended June 30, 2019	0.025	0.01	1,192,900
Quarter ended March 31, 2019	0.03	0.015	215,200
Quarter ended December 31, 2018	0.03	0.015	446,700
Quarter ended September 30, 2018	0.03	0.015	427,828

Notes:

(1) Trading of the Common Shares was halted on September 2, 2020 when the company announced entering into the Acquisition Agreement.

Escrowed Securities

Not applicable.

Executive Compensation

Compensation Discussion and Analysis

Unless otherwise noted the following information is for the Corporation's last completed financial year (which ended on December 31, 2019).

Director Compensation

The two independent directors on the Corporation's board, Douglas Babcook and William Hale, have responsibility for reviewing and approving matters related to the Chief Executive Officer and Chief Financial Officer including strategic direction, effectiveness of management, compensation, succession planning, and assessment of leadership. They may retain independent compensation consultants to assist in their assessment of executive compensation of the Chief Executive Officer and the Chief Financial Officer.

They may also request management to undertake studies and report on areas of interest, and may retain such other consultants as they deem appropriate.

Major Components of the President's and the Chief Executive Officer's Compensation Program

The major components of the compensation program for the Chief Executive Officer are:

- base salary paid by the Corporation;
- short term cash incentives paid by the Corporation;
- long term incentives through stock options awarded by the Corporation; and
- long term incentives through performance based compensation paid by the Corporation.

The above compensation components are assessed and determined by the two independent directors after taking into account: (i) any remuneration received by the Chief Executive Officer for services provided to any of the Corporation's investees; (ii) after giving due consideration to the fact that, due to the relatively few number of employees and the relatively small size of the Corporation, the Chief Executive is the only senior executive of the Corporation and is therefore required to perform the duties and responsibilities normally performed by other members of management; (iii) compensation should be commensurate with the time spent by the Chief Executive Officer in meeting his obligations and should be reflective of the compensation paid by companies similar in size and business to the Corporation; (iv) the amount of base salary should be considered when determining the appropriate amount of the long-term incentives and vice versa; (v) given the limited cash resources of the Corporation non-cash consideration should be used as well as a reasonable amount of cash consideration; and (vi) the structure of the compensation should be simple and transparent to shareholders. The Corporation has not developed quantitative benchmarks for establishing compensation.

Concerning each of these factors, the independent directors determined that (i) the Chief Executive Officer does not receive any remuneration for services provided to any of the Corporation's investees, (ii) since the Chief Executive Officer is the only senior executive of the Corporation the position requires considerably more time and experience than would otherwise be the case, and (iii) an independent compensation consultant should be retained from time to time to provide guidance on the level of base salary and other compensation. After taking all these factors into account it was determined to fix the Chief Executive's base salary at $240,000 and to grant the long-term incentives described under "- *Long Term Incentive Plan Awards*". Short term incentives in the form of an annual bonus are dealt with by the two independent directors following the conclusion of each year.

Base Salaries

The annual base salary for the former Chief Executive Officer was determined by reference to individual performance, contribution and value. The former Chief Executive Officer entered into an employment agreement with the Corporation on September 30, 2011 at an annual base salary of $200,000. The amount of the annual base salary is reviewed annually by the independent directors. The annual base salary was increased to $240,000 effective January 1, 2016. No changes to the annual base salary have been made since January 1, 2016.

Short Term Incentives

No short term incentive payments were awarded or paid to the former Chief Executive Officer or any other executive officer in 2019.

Long Term Incentives

Long term incentive compensation for the Chief Executive Officer is comprised of (i) an entitlement to stock options equal to 5% of the total number of shares outstanding from time to time, and (ii) as performance based compensation, an entitlement to 10% of any investment proceeds received by the Corporation in excess of the initial costs of investment resulting from the disposition of any current or future investment by the Corporation.

On January 15, 2017 835,663 (on a pre-Consolidation basis) fully vested options to purchase common shares were granted to the former Chief Executive Officer for a term of five (5) years at an exercise price of $0.01 per share.

Share-Based and Option-Based Awards

The two independent directors determine the amount of options and the terms thereof to be awarded to the Chief Executive Officer as part of his total compensation.

Summary Compensation Table

The following table sets out all annual and long-term compensation for services to the Corporation for the years ended December 31, 2019, 2018 and 2017 in respect of the former President and Chief Executive Officer, and Chief Financial Officer of the Corporation. As of the date hereof, the Corporation does not have any other executive officers.

Name and Principal Position	Year	Salary ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)		Pension value ($)	All other comp-ensation ($)	Total comp-ensation ($)
					Annual incentive plans	Long-term incentive plans			
John Pennal, *Former President and Chief Executive Officer*	2017 2018 2019	240,000 240,000 240,000	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	12,500 12,500 12,500	252,500 252,500 252,500
Alex Falconer, *Chief Financial Officer*	2017 2018 2019	30,000 30,000 30,000	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	30,000 30,000 30,000

Option Share-Based Awards and Option-Based Awards

No stock options were granted to directors and officers during the financial year ended December 31, 2019 and no stock options were exercised during the financial year ended December 31, 2019. All options were exercised in 2020. The following table sets out the December 31, 2019 value of unexercised stock options held by the directors and officers:

Name	Option-based Awards			Share-based Awards		
	Number of securities underlying unexercised options (#)[1]	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)[1]**	**Number of shares or units that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**
John D. Pennal	835,663	0.01	Jan 15, 2022	8,357	Nil	Nil
Douglas Babcook	50,000	0.02	Nov 25 2021	Nil	Nil	Nil
Douglas Babcook	200,000	0.01	Jan 15, 2022	2,000	Nil	Nil
Douglas Babcook	200,000	0.02	Sept 12, 2023	Nil	Nil	Nil
William Hale	50,000	0.02	Nov 25, 2021	Nil	Nil	Nil
William Hale	150,000	0.01	Jan 15, 2022	1,500	Nil	Nil
William Hale	200,000	0.02	Sept 12, 2023	Nil	Nil	Nil
Rick Sutin	100,000	0.02	Sept 12, 2023	Nil	Nil	Nil

Notes:

(1) All of the figures referenced in the above chart are on a pre-Consolidation basis.

Long-Term Incentive Plan Awards

The Corporation has a Long-term Incentive Plan which provides the Chief Executive Officer with a performance based entitlement to 10% of any investment proceeds received by the Corporation in excess of the initial costs of investment resulting from the disposition of any current or future venture investment by the Corporation.

The following table sets out for each named executive officer the value that would have been realized if the options granted under the Option Plan had been exercised on their vesting date and the value earned for all non-equity incentives, during the year ended December 31, 2019.

Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
John D. Pennal, Former President and CEO	835,663	8,257	Nil

Pension Plan Benefits

The Corporation does not have any defined benefit plans, defined contribution plans or defined compensation plans.

Director Compensation Table

Directors are entitled to an annual fee of $7,500 for their services as a director. Directors are also entitled to participate in the Option Plan. The following table sets out all compensation payable to directors of the Corporation for the year ended December 31, 2019.

Name	Fees earned ($)	Share-based awards	Option-based awards ($)	Non-equity incentive plan compensation	Pension value ($)	All other compens-ation ($)	Total ($)
John D. Pennal	7,500	Nil	Nil	Nil	Nil	Nil	7,500
Douglas Babcook	7,500	Nil	Nil	Nil	Nil	Nil	7,500
William Hale	7,500	Nil	Nil	Nil	Nil	Nil	7,500

See "- *Options to Purchase Securities*" for information regarding the Option Plan.

Indebtedness of Directors and Executive Officers

As at the date of this Circular, no individual who is an executive officer, director, employee or former executive officer, director or employee of the Corporation or its subsidiary is indebted to the Corporation or its subsidiary pursuant to the purchase of securities or otherwise.

Legal Proceedings

Management knows of no legal proceedings, contemplated or actual, involving the Corporation or which could materially affect the Corporation.

Interests of Informed Persons in Material Transactions

Except as other disclosed herein, no "informed person" (as such term is defined in NI 51-102) or proposed nominee for election as a director of the Corporation or any associate or Affiliate of the foregoing has any material interest, direct or indirect, in any transaction in which the Corporation has participated or in any proposed transaction which has materially affected or will materially affect the Corporation.

Non-Arm's Length Party Transactions/Arm's Length Transactions

Except as otherwise disclosed, and to the knowledge of the Corporation, there has been no transaction completed or proposed within the previous 24 months to obtain assets or services or the provision of assets or services from any director or officer of the Corporation, a principal security holder, or any associate.

Auditor, Transfer Agent and Registrars

Auditor

The auditor of the Corporation is MNP LLP, Chartered Professional Accountants at 111 Richmond Street West, Suite 300, Toronto, Ontario M5H 2G4. MNP LLP are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

Transfer Agent and Registrar

Computershare Trust Company of Canada, through its principal office in Toronto, Ontario, is the transfer agent and registrar of the Corporation.

Material Contracts

The Corporation has not entered into any material contracts and will not enter into any material contracts prior to completion of the Transaction other than the Acquisition Agreement.

Copies of these agreements will be available at the head office of the Corporation at Suite 2502, Scotia Plaza Toronto, Ontario M5H 3Y2 during ordinary business hours prior to the closing of the Transaction and for a period of 30 days thereafter at 77 King Street West Suite 3000, P.O. Box 95 TD Centre North Tower Toronto, ON M5K 1G8.

PART V – INFORMATION CONCERNING LOC8

Corporate Structure

Name and Incorporation

Loc8 Corp. was incorporated under the OBCA on September 4, 2019. The registered and head office of Loc8 is located at 77 King Street West Suite 3000, TD Centre North Tower, Toronto, Ontario M5K 1G8.

Intercorporate Relationships

Loc8 does not have any subsidiaries. Pursuant to the Transaction, Loc8 will amalgamate with Acquireco to form Amalco, and Amalco will be a wholly owned subsidiary of the Corporation. Following the Amalgamation, Amalco will carry on business under the name "DeepSpatial (Ontario) Inc." See "*VI – Information Concerning the Resulting Issuer – Intercorporate Relationships*".

General Development of the Business

Loc8 was incorporated to carry on its business as an Artificial Intelligence Geographic Information Systems technology company. On September 9, 2019, Loc8 purchased an Artificial Intelligence powered platform from Algo8, Sheldon Kales and Rahul Kushwah in exchange for 63,450,000 of Loc8's Shares. See "-*Principal Shareholders*". Since then Loc8 has continued to develop its Artificial Intelligence Geographic Information System technology to offer a complete SaaS solution to help businesses make data drive decisions.

Narrative Description of the Business

General

Loc8 is an Artificial Intelligence technology company that provides enterprise insight using Geospatial Data, Geographic Information Systems and Machine Learning. The unique insights that Geospatial Data can provide is one of the many reasons that this type of analytics can be considered essential for many businesses, including by those selling a particular product or service. Accordingly, businesses have come to rely on accurate location data and mobility information to help it optimize its distribution, plan site selection as well as to help companies extract market insights.

Loc8's technology addresses how to apply data (that is largely unstructured) in a meaningful way to businesses. Its technology bridges this gap by synthesizing data supplied by both the client and Loc8 into a format that can easily understood. Its data-fused SaaS platform combined by its AI and Machine Learning technology will help businesses stitch multi-variable data together in order to analyze it in a meaningful way.

Loc8's unique technology unites business data with its operations to help clients:

1. understand customer personas (to distinguish and classify personalized product preferences and stock keeping unit relativity);

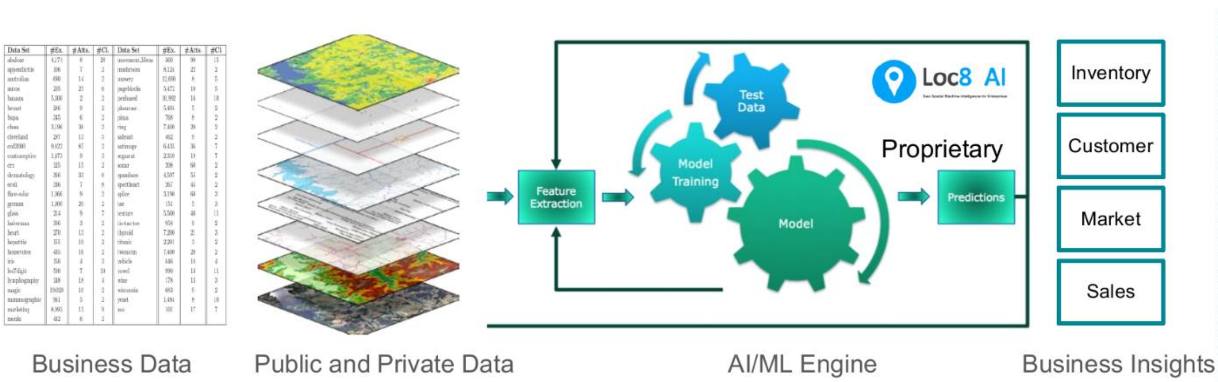
2. predict inventory consumption and link it to effective supply chains and warehouse planning;

3. have insight into its already existing clientele and use this to locate potential customers; and

4. promote targeted pricing and discount strategies on a geospatial basis.

This can help businesses better understand important questions including: who a company's customers are, how it can more effectively manage inventory, and where to open new locations or expand to.

The following chart highlights the four (4) steps involved in Loc8's business solution:



1. Collect business data: including stock keeping unit (SKU) levels, inventory levels and other business key performance indicators (KPIs).

2. Collect public and private data: Loc8's artificial algorithms collects location context data (though various map engines) as well as public, proprietary and dynamic data. The company's pre-built algorithms customizes this redacted data in order to generate unique geospatial algorithmic solutions for its clients that can be used to help optimize its business.

3. Utilize its AI and Machine Learning engine: to arrive at future data sets (which are used as pre usage data sets); geospatially stitch information together to allow the automatic geocoding and display of such data; and apply its Machine Learning algorithms to arrive at various features important to a particular business and develop alongside the business.

4. Offer solutions to help business understand:

    - WHO:
        - are the customers that a particular business should target?
        - are the most active on social media?

    - should we be focusing our business efforts towards?
- WHEN:
    - is the best time to launch a product or service?
    - is the best time to expand?
    - is the best time to scale back?
    - should a business allocate resources to a specific initiative?
- WHERE:
    - is the most profitable place to expand?
    - should a business open a new location?
    - should a business keep its warehouse/office?
    - should a business target its marketing and spending?
    - should a company increase/decrease its presence?
- HOW:
    - can a business/brand better connect with people?
    - can a business optimize its inventory and/or service management?
    - can a business build better supply chains?
    - can a business use social media and location data to discover unique factors of consumer behaviour including regarding a consumer's hobbies and interests, lifestyle preferences, relationships, diet choices, entertainment preferences and his or her culture and beliefs?
    - can a business predict the probability that a service or product will succeed in a particular market?
- WHY:
    - is a business not obtaining the intended results?
    - is a business or segment growing?
    - isn't a business or segment growing?

The result is data driven business insight across multiple industries including retail, food and beverage, industrial, construction engineering, government, banks, and insurance companies among others. Loc8 intends to expand to new target sectors as well as integrate drone/sensor data capture in its future capabilities. With the current narrative of smart cities, Loc8 aims to build a unique real time geo-insight engine that will have geo-time series data and geo-visual data that can simulate various moving pieces and build an integrated and smart layer. The company intends to collaborate with various smart city system integrators to achieve this objective.

Business Objectives and Milestones

The following chart highlights Loc8's business objectives that it expects to accomplish in the forthcoming 12-month period.

Objective	Estimated Costs	Timeline	Milestone
File a patent application for utilising geospatial data and specific Machine Learning techniques in the USA	Approximately $100,000	12 months	File new patent applications as the company expands across additional verticals.
Increase Loc8's Artificial Intelligence technology to produce a minimum viable result of 80% (60% as of the date hereof) using data sets from both Canadian and American markets.	Approximately $200,000	3 months	As of the date hereof, prototypes of the software exist and the key functions of Loc8's AI and Machine Learning have been tested and demonstrated. Reduce user deployments to help standardize customer results.
Create strategic partnerships with enterprise resource systems to integrate Loc8's SaaS platform.	Approximately $50,000	3 months	Leverage the professional relationships of Loc8's management to develop the platform. License particular tools, programs or other licenses to permit integration with Loc8's technology.

To help meet its objectives, Loc8 intends to market its products and services using a multifaceted strategy which includes leveraging relationships with future partners to promote its products and services to end users. The company will also engage a traditional sales and marketing team in order to help build brand recognition and generate sales.

Principal Products and Services Market

Loc8's technology has been considered by management to be at the TRL 7 stage of development. A component of reaching TRL Stage 7 means that a software prototype exists that has a 60% Artificial Intelligence replicable rate and that the software's key functions have been demonstrated and tested. Loc8 intends to integrate a SaaS platform with its current hardware and software systems to support its operational feasibility. Also included in TRL Stage 7 is that most software "bugs" are removed and that tests have been performed to demonstrate that it will be successful for business predictions.

The following steps are expected to be taken by Loc8 to help transform its Artificial Intelligence and Machine Learning technology from TRL Stage 7 to TRL Stage 9 and to develop its SaaS platform. It is expected that the following actions will be taken over the next three years (to fiscal year 2023) in partnership with Algo8, a cutting edge partner and current shareholder of Loc8, along with various Indian Institutes of Technology Artificial Intelligence Labs.

Function	Description	Development / Actions
Design the SaaS platform and upload data (both customer and from Loc8's pre-built data sets)	Design the platform using UI/UX design and input data. Create a mechanism to provide initial business insight based on pre-loaded data sets.	1. Create a UI/UX design. 2. Upload data (including that provided by customers and Loc8's pre-built data sets) from standard file formats and connections that can be used to run Loc8's Machine Learning to generate business insight. 3. Prepare a software requirements specification document summarizing a customer's end to end use on the SaaS platform for further research and development purposes.
Collect additional data and sources to be integrated in Loc8's solution. Grant users access to this data using multiple applications and API from Loc8's SaaS platform.	Connect different geographical insight data and internal data (provided both by the customer and Loc8) using application programming interfaces (API).	Loc8 has access to multiple (public) data sets that are being used to connect its own data with client information. Create a SaaS platform that will use API to automatically integrate and synthesize the data.
Create standard data cleaning and selection functions.	Create a standard function to clean, sort and organize data in an efficient manner.	Retain developers to formulate the cleaning and selection function through the SaaS platform and provide feedback to Loc8 for ongoing development.
Develop a method of computing tabular and spatial data.	Create a mechanism to compute the data by filtering, aggregating, combining datasets, processing of structured, time series, textual data, as well as by creating new features on an	Functions regarding tabular data are expected to include: adding/dropping columns, pre-populating missing values, and automatically generating data.

	ongoing basis.	Functions regarding Loc8's text/spatial data include coding mechanisms to clean the data and handle Geospatial Data (including shape file). Standard modules are in open source and basic research and development has gone into it.
Create a dynamic visual based on user inputs or selections using templates and unique customer preferences. Create a dashboard function on its SaaS platform.	Prepare a mechanism to allow the SaaS platform to create a dynamic visual based on user preferences that combines map layers for easy analysis and flexible filtering options. Create a function to generate reports and/or other meaningful visualizations to summarize data and make predictions.	Standard templates will be imported to the SaaS platform and tailored based on the specific preferences of customers.
Integrate Loc8's Machine Learning function to the SaaS platform.	Sync Loc8's (auto) Machine Learning technology to its SaaS platform to generate algorithms and provide unique business insights.	Retain developers to coordinate the integration of Loc8's auto Machine Learning technology with the SaaS platform.
Create mechanisms to protect data security and limit access to outsiders.	Dedicate a cloud mechanism to deploy and control access of business data.	Create a system to customize the interface based on the particular functionalities used by clients. Integrate existing and new security measures to help protect outside access.
Log user preferences, activities and actions for ongoing research and development of its product	Log the major preferences and activities of users to help further develop its SaaS platform and Machine Learning algorithms and de-bug any issues.	Create a logging mechanism in the SaaS platform to monitor a customer's use.

Loc8 also intends to offer its customers both online and telephone support. It is also expected that a "chatbot" feature will be provided directly in the SaaS platform to help assist customers in a time efficient manner.

Production and Sales

Loc8 will charge its customers an upfront implementation cost, as well as an annual license fee for an enterprise license. The amount of the license fee will be determined upon the completion and deployment of its products to customers and is expected to provide Loc8 with reliable, recurring revenue. Loc8's business is not seasonal nor cyclical.

Principal Product or Service	**Timing and Stage of Research and Development Programs**	**Major Components of the Proposed Programs and Anticipated Costs**	**Whether this research is being conducted in-house or sub-contracted (and to who)**	**Additional steps required to meet commercial production and estimated costs and timing**
Transform its technology from TRL Stage 7 to TRL Stage 9 and develop its SaaS platform(1)	FY 2020-2023	Please refer to the chart above for the major components. The anticipated cost over the next 12 months is: $200,000	Develop these skills in-house and outsource	2-3 years
Hire a business development team and systems support	FY 2020-2023	Marketing, business development and relationship building The anticipated cost over the next 12 months is: $30,000	Outsource these skills	2-3 years

Notes:

(1) Please see "*-Principal Products and Services Market*" for additional information.

Intellectual Property

The following domain is also registered to Loc8: www.deepspatial.ai/

Specialized Skill, Knowledge and Employees

Loc8 will employ highly skilled engineers, programmers, data scientists and business professionals to help it meet its objectives. See "-*Principal Products and Services Market*" and "-*Production and Sales*". As of the date hereof, Loc8 does not have any employees.

Research and Development

Loc8 is conducting ongoing research and development to help it design and improve its design and implementation. The company believes that deepening the capabilities of its current solution will allow it to meet needs of more users across greater geographies.

Competitive Conditions

Loc8 competes with a relatively small number of providers. Its major competitors include:

- Mango Solutions Ltd.: is a data science and analytics solutions company. Established in 2002, it is the largest data science consultancy in the United Kingdom offering data insight solutions to organizations.

- Place IQ, Inc. ("**PlaceIQ**"): is a leading data and technology provider that powers critical business and marketing decisions with location data, analytics and insights. PlaceIQ connects companies with location-based audiences, measuring real-world return on investment and applying insights to help drive intelligent marketing and business outcomes. The company is headquartered in New York City and has offices in Chicago, Detroit, Silicon Valley and Los Angeles.

- ESRI Inc.: is an international supplier of geographic information system software, web geographic information systems and geodatabase management applications. The privately-held company was founded in 1969 as a land-use consulting firm and operates from its headquarters in Redlands, California.

- eSpatial Solutions Ltd. ("**eSpatial**"): offers data location analytics to help businesses filter data and connect business activity to a location. The platform helps companies target revenue growth, make cost reductions and improve customer service. eSpatial is based in Swords, Dublin and was founded in 1997.

- Pitney Bowes Inc.: is a global technology company providing commerce solutions to matters involving: ecommerce fulfillment, shipping and returns, cross border commerce, office mailing and shipping and financing. The public company operates from its headquarters in Stamford, Connecticut and was founded in 1920.

- Geoblink SL ("**Geoblink**"): is a SaaS-based location intelligence solution that helps professionals from the retail, real estate, and fast-moving consumer goods industries make informed decisions about their business strategies. Geoblink combines traditional and non-traditional advanced analytics techniques over big and small data, together with a rich map-based user interface to display multiple types of statistics in a way that is simple to use and easy to understand.

The following SWOT (strengths, weaknesses, opportunities and threats) analysis summarizes a few of Loc8's competitive advantages:

Strengths	**Weaknesses**
• Experienced team with contextual experience at organizations including Google, Microsoft and Facebook • Diverse proprietary datasets with transferable insights from multiple sectors • Flexible business approach • Relationships with educational institutions	• Tough competition in the FinTech industry • Difficulty in establishing a recognizable brand
Opportunities	**Threats**
• Highly contextualized insight tailored to the particular business using Artificial Intelligence • Competitive pricing for technology and cost-efficient • Significant profit potential in a growing industry	• Well-financed and positioned competitors • The introduction of new laws and regulations that could change the way Loc8 carries out its business

Loc8 will continue to develop its AI, Machine Learning and SaaS platform based on its operational experience and comments from clients to help maintain its competitive advantage. The company is also planning on add new features including drone sensor data capture and additional proprietary datasets to further complement its technology.

Concurrent Financing

In connection with the Transaction, Loc8 completed a non-brokered private placement (the "**Loc8 Financing**") at a price of $0.30 per subscription receipt (each a "**Loc8 Subscription Receipt**") in the following two tranches:

- 3,925,666 Loc8 Subscription Receipts (raising proceeds of $1,177,699.80) closed on October 8, 2020; and
- 383,334 Loc8 Subscription Receipts (raising proceeds of $115,000.20) closed on October 30, 2020.

Each Loc8 Subscription Receipt consists of one (1) Loc8 Share.

Selected Financial Information and Management's Discussion and Analysis

Financial Information

The following table sets forth selected financial information for the Loc8 for the period from incorporation on September 4, 2019 to June 30, 2020 and selected balance sheet data as at June 30, 2020. Such information should be read in conjunction with the financial statements attached as Schedule "C".

Income Statement Data	**Period from incorporation on September 4, 2019 to June 30, 2020 (Audited) ($)**
Total expenses	522,877
Loss and comprehensive Loss	(522,877)

Balance Sheet Data	**As at June 30, 2020 (Audited) ($)**
Total assets	3,100,078
Total liabilities	40,354

The following table sets out selected financial information for the Artificial Location Intelligence Business for the periods indicated below and should be considered in conjunction with the more complete information contained in the financial statements attached as Schedule "E" to this Circular.

($)	**Fiscal year ended March 31, 2019 (audited)**	**Fiscal year ended March 31, 2018 (audited)**
Statement of Loss Data		
Sales	22,348	94,544
Cost of sales	-	(30,886)
Gross profit	22,348	63,658
Expenses	76,140	23,040
Balance Sheet Data:		
Total assets	-	21,782
Total liabilities	34,071	-

Total shareholders' equity	(34,071)	21,782

Management's Discussion and Analysis

Loc8's management's discussion and analysis for the period from September 4, 2019 to June 30, 2020 is attached as Schedule "D", and should be read in conjunction with the audited Loc8 financial statements (see Schedule "C") and the audited carve-out financial statements of the Artificial Location Intelligence Business (see Schedule "E").

Market for Securities

None of the securities of Loc8 are, or have been, posted for trading on any stock exchange.

Capitalization of Loc8

The following table sets forth the capitalization of Loc8 on a pre-Consolidation basis, as of the date hereof:

Designation of Security	Amount Authorized	Amount outstanding as at the date of this Circular
Loc8 Shares	unlimited	83,575,000
Loc8 Subscription Receipts	unlimited	4,309,000

Options to Purchase Securities

As of the date hereof there are no options to purchase Loc8 Shares outstanding.

Description of Securities

Loc8's authorized share capital consists of an unlimited number of common shares without par value. As of the date hereof, 83,575,000 Loc8 Shares are issued and outstanding.

Common Shares

The holders of Loc8 Shares are entitled to dividends, if, as and when declared by the board of directors of Loc8, to receive notice of and to vote at meetings of the shareholders of Loc8 on the basis of one (1) vote per Loc8 Share and, upon liquidation, to share equally in such assets of Loc8 as are distributed to the holders of Loc8 Shares. There are no pre-emptive, redemption, purchase or conversion rights attached to Loc8 Shares.

To date, Loc8 has not paid any dividends on any of the outstanding Loc8 Shares. The future payment of dividends will be dependent upon the financial requirements of Loc8 to fund further growth, the financial condition of Loc8 and other factors which the board of directors may consider in the circumstances. It is not contemplated that any dividends will be paid in the immediate or foreseeable future if at all.

Prior Sales

The following table sets forth the issuances of securities of Loc8 for the past 12 months:

Date issued	**Number of securities**	**Issue price per security ($)**	**Aggregate issue price ($)**	**Nature of consideration**
September 4, 2019	11,550,000 Loc8 Shares	$0.0000001	$1.00	Cash
September 9, 2019	63,450,000 Loc8 Shares(1)	$0.034	$2,145,000	Asset transfer
January 30, 2020	8,325,000 Loc8 Shares	$0.10	$832,500	Cash
April 21, 2020	250,000 Loc8 Shares	$0.10	$25,000	Cash
June 30, 2020	4,309,000 Loc8 Subscription Receipts	$0.30	$1,292,700	Cash

Notes:

(1) Loc8 Shares were issued in satisfaction of Loc8's purchase of an AI powered location intelligence platform.

Principal Shareholders

To the knowledge of the directors and executive officers of Loc8, as at the date hereof, no persons beneficially own, or control or direct, directly or indirectly, voting securities of Loc8 carrying 10% or more of the voting rights attached to the Loc8 Shares other than as follows:

Name and municipality of residence of shareholder	**Type of ownership**	**Number and percentage of Loc8 Shares owned prior to completion of the Transaction(1)**	**Number and percentage of Resulting Issuer Shares owned after completion of the Transaction on a post-Consolidation basis(2)**
Rahul Kushwah(3)	Direct/indirect	12,050,000 (14.42%)	12,050,000 (12.92%)

(Toronto, Ontario)			
Algo8[4] *(Punjab, India)*	Direct	21,450,000 (25.67%)	21,450,000 (23.00%)
Sheldon Kales[5] *(Toronto, Ontario)*	Direct/indirect	15,050,000 (18.01%)	15,050,000 (16.14%)

Notes:

(1) Based on an aggregate of 83,575,000 Loc8 Shares issued and outstanding.

(2) Based on an aggregate of 93,244,574 Resulting Issuer Shares issued and outstanding after completion of the Transaction and on a post-Consolidation basis.

(3) 10,550,000 Loc8 Shares are held in Rahul Kushwah's name and 1,500,000 Loc8 Shares are held by Rahul Kushwah's wife (Samridhi Kushwah).

(4) Nandan Mishra owns 39.5% of Algo8.

(5) 4,050,000 Loc8 Shares are held in his name (Sheldon Kales), 9,500,000 Loc8 Shares are held by wholly-owned company (Green Acres Medical Corp.) and 1,500,000 Loc8 Shares are held by Sheldon Kales' wife (Tally Bodenstein).

Executive and Director Compensation

In light of Loc8's current stage of development, it does not have a formal compensation program.

Indebtedness of Directors and Executive Officers

As at the date of this Circular, no individual who is an executive officer, director, employee or former executive officer, director or employee of Loc8 is indebted to Loc8 pursuant to the purchase of securities or otherwise.

Legal Proceedings

To the knowledge of the management of Loc8, there are no actual or contemplated material legal proceedings to which Loc8 is a party.

Auditor

The auditor of Loc8 is Harbourside Chartered Professional Accountants LLP. Its office is located at 1185 W Georgia St #1140, Vancouver, British Columbia V6E 4E6. Harbourside CPA LLP are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

Material Contracts

Since incorporation, other than contracts entered into in the ordinary course of business, Loc8 as not entered into any contracts material to Loc8 except for the Acquisition Agreement. This agreement may be inspected at the registered office of Loc8 at 77 King Street West Suite 3000, P.O. Box 95 TD Centre North Tower Toronto, Ontario M5K 1G8.

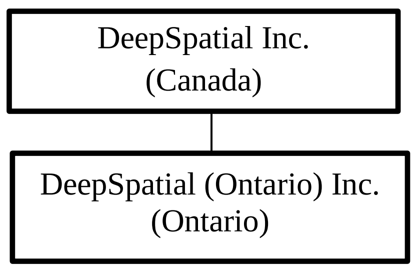
PART VI – INFORMATION CONCERNING THE RESULTING ISSUER

Corporate Name and Head and Registered Office

Upon shareholder approval of the Transaction, the Resulting Issuer will continue to be a CBCA corporation. The Resulting Issuer will file articles of amendment to change its name to "DeepSpatial Inc." or such other name as may be determined in the sole discretion of the Resulting Issuer Board. The Resulting Issuer's head and registered office will be located at 77 King Street West Suite 3000, Ontario, M5K 1G8.

Corporate Structure and Intercorporate Relationships

Upon completion of the Amalgamation, DeepSpatial (Ontario) Inc. the amalgamated company formed upon amalgamation of Loc8 and Acquireco, will become a wholly owned subsidiary of the Resulting Issuer. The following organization chart shows the relationship of the Resulting Issuer assuming completion of the Transaction:



Fundamental Change

See "*Part II – The Transaction*".

Narrative Description of the Business

The Resulting Issuer's business objective after completion of the Transaction will be to continue the same business as previously carried on by Loc8, namely providing Geospatial Data Artificial Intelligence insights to businesses. See "*Part V- Information Concerning Loc8*".

<u>Stated Business Objectives and Milestones</u>

Upon completion of the Transaction, the principal business intended to be carried on by the Resulting Issuer is Loc8's business. The Resulting Issuer intends to pursue joint ventures and strategic partnerships to further finesse and develop its technology.

In the 12 months following completion of the Transaction, the Resulting Issuer intends to complete the objectives described in "*Part V – Information Concerning Loc8 – Principal Products and Services Market* ".

Pro Forma Consolidated Capitalization

The following table summarizes the Resulting Issuer's consolidated capitalization as of the date hereof assuming completion of the Transaction. The table should be read in conjunction with the financial statements of the Corporation (see Schedule "A"), the financial statements of Loc8 (see Schedule "C"), the carve-out financial statements of the Artificial Location Intelligence Business (see Schedule "E") and the pro forma financial statements, including the notes thereto (see Schedule "F").

Designation of security	Amount authorized	Amount outstanding after giving effect to the Transaction
Resulting Issuer Shares	unlimited	93,244,574(1)

Notes:

(1) Assumes 4,660,574 Resulting Issuer Shares are held by existing shareholders of the Corporation, 83,575,000 Resulting Issuer Shares are held by holders of Loc8 Shares, 4,309,000 Resulting Issuer Shares are issued to holders of the Loc8 Subscription Receipts, and 700,000 Resulting Issuer Shares are issued in exchange for the Loc8 Finder's Shares.

Fully Diluted Share Capital

The following table sets out the diluted share capital of the Resulting Issuer after giving effect to the Transaction on a diluted basis:

Designation of Security	After giving effect to the Transaction	
	Number of Resulting Issuer Shares	Percentage of Resulting Issuer Shares
Held by existing shareholders of the Corporation	4,660,574	5.0%
Held existing shareholders of Loc8	83,575,000	89.6%
Issued to holders of Loc8 Subscription Receipts	4,309,000	4.6%
Issued in connection to the Loc8 Finder's Shares	700,000	0.8%
Total number of diluted securities	**93,244,574**	**100%**

Available Funds and Principal Purposes of Funds

Available Funds

The following tables set out information respecting the Resulting Issuer's sources of funds and intended uses of such funds upon completion of the Transaction. The amounts shown in the tables are estimates only and are based upon the information available to the Corporation and Loc8 as of the date hereof.

Source of funds	Amount ($)
Existing unrestricted cash available	1,846,250

Notes:

(1) Includes proceeds raised by the Loc8 Financing.

Principal Purposes of Funds

The following table sets out the principal purposes, using approximate amounts, for which the Resulting Issuer intends to use its available funds on completion of the Transaction.

Use of funds	Amount ($)
Research and development	200,000
Marketing fees	30,000
Patent and trademark expense	16,000
Working capital	1,600,250
Total	**1,846,250**

The Resulting Issuer intends to spend the funds available to it for the principal purposes indicated above. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a re-allocation of funds may be necessary for the Resulting Issuer to achieve its objectives. It is anticipated that the available funds will be sufficient to satisfy its objectives over the next 12 months.

Dividends

There are no restrictions that could prevent the Resulting Issuer from paying dividends. Any decision to pay dividends on its shares will be made by the Resulting Issuer Board on the basis of the Resulting Issuer's earnings, financial requirements and other conditions existing at such future time. It is not contemplated that any dividends will be paid in the immediate or foreseeable future following completion of the Transaction.

Options to Purchase Securities

No options will be outstanding immediately following the completion of the Transaction.

Stock Option Plan of the Resulting Issuer

Following completion of the Transaction, the stock option plan of the Resulting Issuer will be that of the Corporation. See "*Part IV – Information Concerning the Corporation*".

Description of Securities

The share structure and the rights associated with the Resulting Issuer Shares will remain the same after the Transaction. See "*Part IV – Information Concerning the Corporation – Description of Securities*".

Escrowed Securities

It is expected that the following securities of the Resulting Issuer will be subject to escrow in accordance with NP 46-201 and subject to the escrow release schedule set forth therein:

Designation of class held in escrow	**Number of securities held in escrow**	**Percentage of Resulting Issuer Shares**
Resulting Issuer Common Shares	49,000,000	52.55%

Notes:

(1) Based on a total of 93,244,574 Resulting Issuer Shares expected to be outstanding following completion of the Transaction on an undiluted basis.

(2) Sheldon Kales will own and control 15,050,000 Resulting Issuer Shares; Rahul Kushwah will own and control 12,050,000 Resulting Issuer Shares; Algo8 will own and control 21,450,000 Resulting Issuer Shares (Nandan Mishra owns 39.5% of Algo8); Tomas Sipos will own and control 150,000 Resulting Issuer Shares; and Rakesh Malhotra will own and control 300,000 Resulting Issuer Shares.

Escrow releases will be scheduled at periods specified in NP 46-201 for emerging issuers, that is, 10% will be released on the date that the Resulting Issuer Shares commence trading on the CSE system following completion of the Transaction, followed by six (6) subsequent releases of 15% every six (6) months thereafter. The form of the escrow agreement must be as provided in NP 46- 201. Pursuant to CSE discretion, the number of securities of the Resulting Issuer subject to escrow may be changed, including the terms and conditions of escrow.

Principal Securityholders of the Resulting Issuer

To the knowledge of the directors and officers of each of the Corporation and Loc8 as of the date hereof, the following Persons will beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Resulting Issuer after completion of the Transaction.

Name and municipality of residence of shareholder	Type of ownership	Number and percent[(1)] of Resulting Issuer Shares owned after completion of the Transaction
Rahul Kushwah[(2)] *(Toronto, Ontario)*	Direct	12,050,000 (12.92%)
Algo8[(3)] *(Punjab, India)*	Direct	21,450,000 (23.00%)
Sheldon Kales *(Toronto, Ontario)*	Direct	15,050,000[(4)] (16.14%)

Notes:

(1) Based on a total of 93,244,574 Resulting Issuer Shares expected to be outstanding following completion of the Transaction, on an undiluted basis. Assumes 4,660,574 Resulting Issuer Shares are held by existing shareholders of the Corporation, 83,575,000 Resulting Issuer Shares are held by holders of Loc8 Shares, 4,309,000 Resulting Issuer Shares are issued to holders of Loc8 Subscription Receipts, and 700,000 Resulting Issuer Shares are issued in exchange for the Loc8 Finder's Shares.

(2) 10,550,000 Loc8 Shares are held in Rahul Kushwah's name and 1,500,000 Loc8 Shares are held by Rahul Kushwah's wife (Samridhi Kushwah).

(3) Nandan Mishra owns 39.5% of Algo8.

(4) 4,050,000 Loc8 Shares are held in his name (Sheldon Kales), 9,500,000 Loc8 Shares are held by wholly-owned company (Green Acres Medical Corp.) and 1,500,000 Loc8 Shares are held by Sheldon Kales' wife (Tally Bodenstein).

Directors, Officers and Promoters of the Resulting Issuer

The following table lists the names and municipalities of residence of the proposed directors and officers of the Resulting Issuer, their proposed positions proposed with the Resulting Issuer, their principal occupation over the past five (5) years, and the number of securities of the Resulting Issuer which will be beneficially owned, directly or indirectly, or over which control or direction will be exercised by each upon completion of the Transaction.

Name and municipality of residence	Proposed position with Resulting Issuer	Director or Officer of the Corporation or Loc8 Since	Principal Occupation Over the Past 5 Years	Number of Resulting Issuer Shares to be beneficially held	Percentage of Resulting Issuer Shares to be beneficially held[(2)]
Rahul Kushwah[(3)] *(Toronto, Ontario)*	Director and Chief Executive Officer	Director, President and Chief Executive Officer of Loc8 since September 4, 2019	Scientist	12,050,000[(4)]	12.92%

Sheldon Kales[3] *(Toronto, Ontario)*	Director	Not applicable	Investor	15,050,000[5]	16.14%
Nandan Mishra *(Lucknow, U.P., India)*	Director	Director and Chief Technology Officer of Loc8 since September 4, 2019	AI Specialist	8,472,750[6]	9.09%
Tomas Sipos[3] *(Toronto, Ontario)*	Director	Not applicable	Investment Banker	150,000	0.16%
Rakesh Maholtra *(Toronto, Ontario)*	Chief Financial Officer	Chief Financial Officer of Loc8 since February 19, 2020	Chief Financial Officer	300,000	0.32%

Notes:

(1) Securities beneficially owned, directly or indirectly, or over which control or direction is exercised, as at the Effective Date, based upon information furnished to the Corporation and Loc8 by the above individuals.

(2) Based on an aggregate of 93,244,574 Resulting Issuer Shares issued following the Transaction. It is expected that the proposed directors and officers of the Resulting Issuer will hold an aggregate of 36,022,750 Resulting Issuer Shares (approximately 38.63%) following completion of the Transaction.

(3) Anticipated to be members of the Resulting Issuer's audit committee.

(4) 10,550,000 Loc8 Shares are held in Rahul Kushwah's name and 1,500,000 Loc8 Shares are held by Rahul Kushwah's wife (Samridhi Kushwah).

(5) 4,050,000 Loc8 Shares are held in his name (Sheldon Kales), 9,500,000 Loc8 Shares are held by wholly-owned company (Green Acres Medical Corp.) and 1,500,000 Loc8 Shares are held by Sheldon Kales' wife (Tally Bodenstein).

(6) 21,450,000 Loc8 Shares are held by Algo8. Nandan Mishra owns 39.5% of this company.

Management

Upon completion of the Transaction, it is anticipated that the current directors of the Corporation will resign and that the Resulting Issuer Board will consist of: Rahul Kushwah, Sheldon Kales, Tomas Sipos and Nandan Mishra. Further, Richard Sutin will resign as President and Chief Executive Officer of the Corporation, Alex Falconer will resign as Chief Financial Officer of the Corporation and William Hale will resign as Secretary of the Corporation, and be replaced by Rahul Kushwah as Chief Executive Officer and Rakesh Malhotra as Chief Financial Officer.

A brief description of the biographies for each of the proposed directors and officers of the Resulting Issuer are set forth below (including details with their principal occupations for the past five (5) years):

Rahul Kushwah, PhD (37) Proposed Director and Chief Executive Officer of Resulting Issuer

Rahul Kushwah is an accomplished scientist. He currently serves as the Chief Operating Officer of Predictmedix Inc. (CSE:PMED; OTCQB:PMEDF). Prior to joining Loc8, Rahul Kushwah held a faculty appointment with the Faculty of Medicine at the University of Ottawa and was an accomplished federal government scientist with the Human Health Therapeutics branch of the National Research Council of Canada. Additionally, he has served as a consulting scientist with the Hospital for Sick Children in Toronto, Ontario, and is a regular speaker at several international speaking engagements. Rahul Kushwah has also authored several publications in medical journals and serves as a reviewer and editor for several journals in the medical field.

Rahul Kushwah received his doctorate from the University of Toronto and has been a recipient of the Banting Post-Doctoral Fellowship in Medicine and CIHR Post-Doctoral Fellowship. He will devote such time as is required in connection with the management of the Resulting Issuer.

Sheldon Kales (64) Proposed Director of the Resulting Issuer

Mr. Kales is a serial entrepreneur and a business leader. He has extensive leadership experience in managing and operating research and development operations of technology companies across the United States, Canada and the Middle East. Mr. Kales currently serves as the Chief Executive Officer of Predictmedix Inc. (CSE:PMED; OTCQB:PMEDF). Previously, Mr. Kales was the Chief Executive Officer of Chester Gold Corp., a private mining exploration company in northern Ontario. Mr. Kales was also the Founder, Chief Executive Officer and director of Security Devices International Inc., a public company quoted on the OTCBB in the United States from 2005 to 2010. From 2006 to 2008 Mr. Kales served as a director of L.A.M. Pharmaceutical Corp., a company quoted on the OTCBB.

Mr. Kales is a graduate of the University of Toronto with a Bachelor of Arts degree. He will devote such time as is required in connection with the management of the Resulting Issuer.

Tomas Sipos (57) Proposed Director of the Resulting Issuer

Mr. Sipos is a seasoned investment banker who understands the vast intricacies of investor relations and investment banking. He has held several senior positions throughout his career including Vice President of Mergers and Acquisitions at Ernst and Young (Toronto), Managing Director of Investment Banking at the European Privatization & Investment Corporation and Senior Investment Banker for the International Finance Corporation. Mr. Sipos presently serves as the Chief Financial Officer of Pistil Partners Inc. and as a director of the NATO Association of Canada Program Committee.

Mr. Sipos holds a (Honors) Bachelor of Science in chemical engineering from Queen's University and a MBA from the University of Toronto, Rotman School of Business. He will devote as much time as is required in connection with the management of the Resulting Issuer.

Nandan Mishra (32) Proposed Director of the Resulting Issuer

Mr. Nandan Mishra is a deep technology and artificial intelligence leader. Throughout his career, he has been a pioneer at creating, designing, developing and deploying products through translational research in artificial intelligence. These novel tech products have led to client success and venture translation stories. Mr. Mishra is also one of the members of the prestigious federal think tank, National Mission of Interdisciplinary Cyber Physical Systems of India. Mr. Mishra holds a Master Degree in Systems Biology and a Bachelor's Degree in Engineering from the Indian Institute of Technology. He will devote as much time as is required in connection with the management of the Resulting Issuer.

Rakesh Malhotra (63) Proposed Chief Financial Officer of the Resulting Issuer

Mr. Malhotra is a US certified public accountant (CPA) and a Canada Public accountant (CPA, CA) with over 25 years of experience in accounting, financing and internal controls. Mr. Malhotra presently serves as a Chief Financial Officer of Nerds on Site Inc. (TSXV:NERD), a Chief Financial Officer of Aion Therapeutic Inc. (CSE; AION), a Chief Financial Officer of Predictmedix Inc. (CSE:PMED; OTCQB:PMEDF), and a Chief Financial Officer of Binovi Technologies Inc. (TSXV: VISN). He also serves as a consultant to various public companies listed in both Canada and the USA.

In addition to the accreditations mentioned above, Mr. Malhotra holds his Bachelor of Commerce (Honors) from the University of Delhi. He will devote as much time as is required in connection with the management of the Resulting Issuer.

Proposed Executive Compensation of the Resulting Issuer

Consulting and employment agreements, together with the final terms of these agreements, are under discussion. Final agreements are expected to include executive compensation and confidentiality provisions. Specific details related to the executive compensation of the Resulting Issuer will be prepared in accordance with Form 51-102F6V of National Instrument 51-102 – *Continuous Disclosure Obligations*, which will be included in the Resulting Issuer's management information circular to be made available on SEDAR at www.sedar.com.

Indebtedness of the Directors and Officers

At any time since the beginning of the most recently completed financial year of the Corporation or Loc8, no director, executive officer or other senior officer of the Corporation or Loc8 or person who acted in such capacity in the last financial year of the Corporation or Loc8, or proposed director or officer of the Reporting Issuer, or any Associate of any such director or officer is, or has been, indebted to the Corporation or Loc8 nor has any such persons indebtedness to another entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or Loc8 or a subsidiary thereof.

Corporate Cease Trade Orders or Bankruptcies; Penalties or Sanctions; Personal Bankruptcies

Other than as disclosed herein, during the past ten (10) years, none of the proposed directors, officers or promoters of the Resulting Issuer or any security holder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, was a director, officer or promoter of any other person or company that was, while that person was acting in that capacity: (a) the subject of a cease trade order or similar order or an order that denied the other issuer access to any exemptions under applicable securities law for a period of more than 30 consecutive days, or (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

On July 2, 2019 a cease trade order was issued against Rakesh Malhotra under Section 164(1) of the *Securities Act,* R.S.B.C. 1996, C.418 until Eyecarrot Innovations Corp., an issuer for which Mr. Malhotra is an insider, filed the required records and the cease trade order was revoked. Eyecarrot Innovations Corp. has since addressed all of the outstanding filing deficiencies and the cease trade order was revoked on September 16, 2019.

Pacific Copper Corp. ("**Pacific Copper**") is an OTC reporting issuer under Multilateral Instrument 51-105 – *Issuers Quoted in the U.S. Over-the-Counter Markets* ("**MI 51-105**"). On October 11, 2012, the BC Securities Commission ordered that all trading in the securities of Pacific Copper cease in British Columbia until it files interim financial statements and Management's Discussion and Analysis for the interim period ended July 31, 2012, as required under National Instrument 51-102 – *Continuous Disclosure Obligations* and MI 51-105. Rakesh Malhotra subsequently left Pacific Copper in 2013.

None of the proposed directors, officers or promoters of the Resulting Issuer, or a security holder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has: (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision about the Transaction.

During the past ten (10) years, none of the proposed directors, officers or promoters of the Resulting Issuer, or a security holder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons has, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or promoter.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Resulting Issuer also holding positions as directors or officers of other companies. Some of the individuals who will be directors and officers of the Resulting Issuer have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Resulting Issuer will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies provided under CBCA.

Other Reporting Issuer Experience

The following proposed directors, officers or promoters of the Resulting Issuer are, or within the past five (5) years have been, directors, officers or promoters of the following reporting issuers (other than the Corporation).

Name	Name of Reporting Issuer	Name of Exchange or Market	Position	Term
Rahul Kushwah	Predictmedix Inc.	CSE; OTCQB	Director and Chief Operating Officer	September 2019 to present
Sheldon Kales	Predictmedix Inc.	CSE; OTCQB	Director and Chief Executive Officer	September 2019 to present
	Hopewell Capital Corporation	TSXV	Director	January 2017 to present
Tomas Sipos	Predictmedix Inc.	CSE; OTCQB	Director	September 2019 to present
Rakesh Malhotra	Nerds on Site Inc.	CSE; OTCQB	Chief Financial Officer	December 2017 to present
	Aion Therapeutic Inc.	CSE	Chief Financial Officer	December 2018 to present
	Predictmedix Inc.	CSE; OTCQB	Chief Financial Officer	September 2019 to present
	Security Devices International, Inc.	CSE; OTCQB	Chief Financial Officer	January 2017 to November 2019
	Binovi Technologies	TSX-V;	Chief Financial	January 2019 to

	Inc.	OTCQB	Officer	present
	Infrastructure Materials Corp.	TSX-V	Chief Financial Officer	October 2009 to December 2018

Capitalization

Issued Capital of the Resulting Issuer

The following assumes completion of the Transaction.

	Number of Securities (non-diluted)	Number of Securities (diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	93,244,574	93,244,574	-	-
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	49,000,000	49,000,000	52.5%	52.5%
Total Public Float (A-B)	44,244,574	44,244,574	47.5%	47.5%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in	49,000,000	49,000,000	52.5%	52.5%

a shareholder agreement and securities held by control block holders (C)				
Total Tradeable Float (A-C)	44,244,574	44,244,574	47.5%	47.5%

Public Securityholders (Registered) of the Resulting Issuer

Class of Security

Size of Holding	Number of Holders	Total Number of Securities
1-99 securities	72	889
100-499 securities	77	3,607
500-999 securities	24	3,765
1,000-1,999 securities	28	8,456
2,000-2,999 securities	9	4,809
3,000-3,999 securities	4	3,150
4,000-4,999 securities	2	2,000
5,000 or more securities	22	4,633,899

Public Securityholders (Beneficial) of the Resulting Issuer

Class of Security

Size of Holding	Number of Holders	Total Number of Securities
1-99 securities	8	3,111
100-499 securities	32	2,112
500-999 securities	49	7,053
1,000-1,999 securities	77	21,600
2,000-2,999 securities	32	16,950

3,000-3,999 securities	22	386,585
4,000-4,999 securities	17	17,425
5,000 or more securities	190	87,250,749

Promoter

No person or company will be a promoter of the Resulting Issuer, or has been within the two (2) years immediately preceding the date of this Circular, a promoter of the Corporation, Loc8, or a subsidiary of the Corporation or Loc8.

Investor Relations Arrangements

Neither the Corporation nor Loc8 is a party to any written or oral agreement or understanding to provide any promotional or investor relations services for the Corporation, Loc8 or the Resulting Issuer.

Legal Proceedings

To the best of management's knowledge, there are no material legal proceeding pending to which the Corporation, Loc8 or the Resulting Issuer is or is likely to be a party, or of which any of its property is the subject matter.

Interest of Management and Others in Material Transactions

Not applicable.

Auditor, Transfer Agent and Registrar

Auditor

The auditor of the Corporation is MNP LLP, Chartered Accountants at its Toronto office located at 111 Richmond Street West, Suite 300, Toronto, Ontario M5H 2G4.

Transfer Agent and Registrar

The transfer agent and registrar of the Corporation, Computershare Investor Services Inc., will remain the transfer agent and registrar of the Resulting Issuer. See "*Part IV - Information Concerning the Corporation - Auditor, Transfer Agents and Registrars*".

PART VII – GENERAL MATTERS

Other Material Facts

The Corporation is not aware of any other material facts relating to the Corporation, Loc8 or the Resulting Issuer or to the proposed Transaction that are not disclosed under the preceding items and are necessary in order for the Circular to contain full, true and plain disclosure of all material facts relating to the Corporation, Loc8 and the Resulting Issuer, assuming approval of the Transaction, other than those set forth herein.

Loc8 is not aware of any other material facts relating to the Corporation, Loc8 or the Resulting Issuer or to the proposed Transaction that are not disclosed under the preceding items and are necessary in order for the Circular to contain full, true and plain disclosure of all material facts relating to the Corporation, Loc8 and the Resulting Issuer, assuming approval of the Transaction, other than those set forth herein.

Information and Approval of the Corporation Board and Loc8 Board

The information contained or referred to in this Circular with respect to the Corporation has been furnished by the Corporation. Loc8 and its respective directors and officers have relied on the information relating to the Corporation provided by the Corporation and take no responsibility for any errors in such information or omissions therefrom.

The information contained or referred to in this Circular with respect to Loc8 has been furnished by Loc8. The Corporation and its respective directors and officers have relied on the information relating to Loc8 provided by Loc8 and take no responsibility for any errors in such information or omissions therefrom.

The contents of this Circular and the schedules included herein have been approved by the board of directors of the Corporation. The board of directors of the Corporation has also approved the delivery of this Circular to shareholders.

SCHEDULE "A"
FINANCIAL STATEMENTS OF THE CORPORATION

AYLEN CAPITAL INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT)
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2020 AND 2019

(In Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim condensed consolidated financial statements of Aylen Capital Inc. were prepared by management in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. The most significant of these accounting principles have been disclosed in the notes to the unaudited interim condensed consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim condensed consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim condensed consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim condensed consolidated financial statements and (ii) the unaudited interim condensed consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim condensed consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim condensed consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim condensed consolidated financial statements together with other financial information of the Company for issuance to the shareholders. These unaudited interim condensed consolidated financial statements were authorized for issuance by the Board on November 16, 2020.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by, and are the responsibility of, the Company's management.

"John E Pennal"
Director

"Alex Falconer"
Chief Financial Officer

November 16, 2020

AYLEN CAPITAL INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	Notes		June 30, 2020		December 31, 2019 (Audited)
ASSETS					
Cash and cash equivalents	5	$	**40,231**	$	564,068
Marketable securities	6		**486,494**		-
Accounts receivable	7		**12,055**		10,520
HST recoverable			**8,732**		20,178
Current portion of consideration receivable	8		**64,417**		64,417
			611,929		659,183
Property and equipment	9		**1,734**		-
		$	**613,663**	$	659,183
LIABILITIES					
Accounts payable and accrued liabilities	10	$	**70,940**	$	113,318
Contract liabilities	11		**203,298**		216,334
			274,238		329,652
CEBA loan payable	13		**40,000**		-
SHAREHOLDERS' EQUITY					
Share capital	14		**1,350,570**		1,350,570
Contributed surplus			**320,765**		320,765
Deficit			**(1,371,910)**		(1,341,804)
			299,425		329,531
Total liabilities and shareholders' equity		$	**613,663**	$	659,183

COMMITMENT (Note 18)
SUBSEQUENT EVENT (Note 20)

Approved on Behalf of the Board

'John E Pennal' Director

'William Hale' Director

See accompanying notes to the unaudited interim condensed consolidated financial statements.

AYLEN CAPITAL INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTH PERIODS ENDED

	Notes	Three Months June 30, 2020	Three Months June 30, 2019	Six Months June 30, 2020	Six Months June 30, 2019
Revenues					
Sales revenue		**$ 145,563**	$ 151,423	**$ 295,931**	$ 338,446
		145,563	151,423	**295,931**	338,446
Expenses					
General and administrative		**$ 79,880**	$ 92,822	**$ 169,580**	$ 178,895
Selling expenses		**115,059**	101,472	**158,281**	222,062
Bad debt expense	17(b)	**-**	-	**-**	7,486
Interest on short term debt	12	**161**	-	**161**	120
Amortization	9	**173**	119	**347**	238
Total expenses		**195,273**	194,413	**328,369**	408,801
Other income					
Accretion on consideration receivable	8	**-**	3,042	**-**	6,051
Interest income		**248**	2,969	**2,240**	4,414
Unrealized gain on fair value of marketable securities	6	**92**	-	**92**	-
Net loss and comprehensive loss for the period		**$ (49,370)**	$ (36,979)	**$ (30,106)**	$ (59,890)
Net loss per share					
Basic net loss per share		$ (0.003)	$ (0.002)	**$ (0.002)**	$ (0.004)
Diluted net loss per share		**$ (0.003)**	$ (0.002)	**$ (0.002)**	$ (0.003)
Weighted average number of shares outstanding - Basic		**16,856,632**	16,856,632	**16,856,632**	16,856,632
Weighted average number of shares outstanding - Diluted		**16,856,632**	17,861,348	**16,856,632**	17,861,348

See accompanying notes to the unaudited interim condensed consolidated financial statements.

AYLEN CAPITAL INC.

UNAUDITED INTERIM CONDENSEDCONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2020 AND 2019

	Share capital				
	Common shares	**Amount**	**Contributed surplus**	**Deficit**	**Total**
Balance January 1, 2019	16,856,632	$1,350,570	$ 320,765	$ (1,127,581)	$ 543,754
Net loss and comprehensive loss for the period	-	-	-	(59,890)	(59,890)
Balance, June 30, 2019	16,856,632	$1,350,570	$ 320,765	$ (1,187,471)	$ 483,864
Balance January 1, 2020	16,856,632	$1,350,570	$ 320,765	$ (1,341,804)	$ 329,531
Net loss and comprehensive loss for the period	-	-	-	(30,106)	(30,106)
Balance, June 30, 2020	16,856,632	$1,350,570	$ 320,765	$ (1,371,910)	$ 299,425

See accompanying notes to the unaudited interim condensed consolidated financial statements.

AYLEN CAPITAL INC.

INTERIM CONDENSEDUNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTH PERIODS ENDED

	Six Months June 30, 2020	2019
OPERATING ACTIVITIES		
Net loss for the period	**$ (30,106)**	$ (59,890)
Adjustments not affecting cash:		
Unrealized gain on marketable securities	**(92)**	-
Interest income on marketable securities	**(248)**	-
Amortization (Note 9)	**347**	238
Accretion expense(Note 8)	**-**	(6,051)
	(30,099)	(65,703)
Changes in non-cash working capital		
Accounts receivable	**(1,535)**	2,015
HST recoverable	**11,446**	11,643
Contract liabilities	**(13,036)**	(77,817)
Accounts payable and accrued liabilities	**(42,378)**	(22,603)
Cash used in operating activities	**(75,602)**	(152,465)
INVESTING ACTIVITIES		
Property and equipment	**(2,081)**	-
Proceeds from sale of marketable securities	**290,612**	-
Purchase of marketable securities	**(776,766)**	-
Cash used in investing activities	**(488,235)**	-
FINANCING ACTIVITIES		
Increase in loan payable	40,000	-
Cash provided by financing activities	**40,000**	-
Net decrease in cash and cash equivalents	**(523,837)**	(152,465)
Cash and cash equivalents, beginning of period	**564,068**	724,808
Cash and cash equivalents, end of period	**$ 40,231**	$ 572,343

See accompanying notes to the unaudited interim condensed consolidated financial statements.

1. INCORPORATION AND NATURE OF OPERATIONS

Aylen Capital Inc. ("Aylen" or the "Company") was incorporated on October 28, 2010 under the Canada Business Corporations Act. The Company's registered head office is located at Scotia Plaza, 40 King Street West, Suite 2502, Toronto, Ontario M5H 3Y2, Canada.

Grapevine Analytics Inc. ("GAI"), an incorporated wholly-owned subsidiary of Aylen, operates a web-based survey and data-collection business.

2. BASIS OF PRESENTATION

Statement of compliance

The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and therefore, do not contain all disclosures required by International Financial Report Standards ("IFRS") for annual financial statements. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's most recently prepared audited annual financial statements for the fiscal year ended December 31, 2019.

The policies applied in these unaudited interim condensed consolidated financial statements are consistent with the policies disclosed in Notes 2 and 3 of the audited annual financial statements for the year ended December 31, 2019.

The unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 16, 2020.

Basis of measurement and functional currency

The unaudited interim condensed consolidated financial statements are presented in Canadian dollars and have been prepared on the historical cost basis except for financial instruments measured at fair value through profit or loss. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The Company's functional currency is the Canadian dollar.

Basis of consolidation

These unaudited interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Grapevine Analytics Inc. ("GAI"). A subsidiary is an entity in which the Company has control, directly or indirectly, where control is determined based on whether the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(Expressed in Canadian Dollars)

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

IFRS 16 - Leases - In January 2016, the International Accounting Standards Board (IASB) issued a new International Financial Reporting Standard (IFRS) on lease accounting which was incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2016. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease assets and liabilities are initially recognized on a present value basis and subsequently, similarly to other non-financial assets and financial liabilities, respectively. The lessor accounting requirements are substantially unchanged and, accordingly, continue to require classification and measurement as either operating or finance leases. The new standard also introduces detailed disclosure requirements for both the lessee and lessor. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers.

The Company's adoption of IFRS 16 did not have a material financial impact on the unaudited interim condensed consolidated financial statements.

4. RECENT ACCOUNTING PRONOUNCEMENTS

Accounting standards and amendments issued but not yet applied

The International Accounting Standards Board ("IASB") has issued the following accounting standards which have not yet been adopted by the Company:

Amendment to IFRS 3 – Business Combinations

On October 22, 2018, the IASB issued Definition of a Business (Amendments to IFRS 3: Business Combinations). The amendments to IFRS 3 are applicable for acquisitions occurring on or after January 1, 2020 and are adopted prospectively. These amendments to the implementation guidance of IFRS 3 clarify the definition of a business to assist entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. The amendments to IFRS 3 – Business Combinations may affect whether future acquisitions are accounted for as business combinations or asset acquisitions, along with the resulting allocation of the purchase price between the net identifiable assets acquired and goodwill. The Company does not expect any impact to the unaudited interim condensed consolidated financial statements as a result of its adoption of the amendments to IFRS 3.

5. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents consist of the following:

	June 30, 2020	December 31, 2019
Cash held in banks	**$ 38,016**	$ 109,488
Cash held by broker	**2,215**	-
GIC	**-**	454,580
	$ 40,231	$ 564,068

There were no restrictions on the cash held by broker.

(Expressed in Canadian Dollars)

6. MARKETABLE SECURITIES

The Company has the following marketable securities:

	June 30, 2020		December 31, 2019	
	Cost	Fair value	Cost	Fair value
Investment in equities	**$ 486,401**	$ 486,493	$ -	$ -

Investment in equities are publicly-traded investments on a recognized securities exchange and for which no sales restrictions apply. The fair value of these securities is based on Level 1 inputs based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities. If the closing price is outside of the bid-ask spread, management determines appropriate price for the security within the bid-ask spread. The fair value of mutual funds is determined using the net asset value per unit of each fund.

7. ACCOUNTS RECEIVABLE

Details of the Company's trade and other receivables are as follows:

	June 30, 2020	December 31, 2019
Canadian and U.S. customers	**$ 12,055**	$ 10,520

Accounts receivable are amounts due from subscriptions that remain uncollected at the financial statements date. These amounts are classified as current because collection is expected in one year or less. Accounts receivable are recognized initially at the amount expected to be received less any discount to reduce the recoverable amount to fair value. Subsequently, accounts receivable are measured at amortized cost using the effective interest method less a provision for impairment with no allowance taken on accounts receivable.

8. INVESTMENTS

On November 16, 2018, the Company sold all its shares of Leonardo Worldwide Corporation to an unrelated third party. The proceeds received by the Company on closing were $847,887.

The first holdback was received during fiscal 2019. The second holdback of US$57,182 ($64,417 as at December 31, 2019) is payable on November 16, 2020, and therefore is held as a current asset. Due to the long-term nature of the second holdback receivable on initial recognition, the future payment of US$57,182 has been present valued using an effective interest rate of 22.8%, valued at $64,417 as of December 31, 2019. Accretion income of $3,042 was recognized on this receivable for the three months ended and $6,051 for the six months ended June 30, 2019 and $nil for period ended June 30, 2020 .

The holdbacks may be reduced by the portion attributable to the Company any claims for indemnification made by the purchaser.

(Expressed in Canadian Dollars)

9. PROPERTY AND EQUIPMENT

	Equipment	Office equipment	Total
Cost			
Balance at December 31, 2018, 2019	$ 7,581	$ 9,796	$ 17,377
Additions	-	2,081	2,081
Balance at June 30, 2020	**$ 7,581**	**$ 11,877**	**$ 19,458**
Accumulated Amortization			
Balance at December 31, 2018	$ 7,581	$ 9,321	$ 16,902
Amortization for the period	-	475	475
Balance at December 31, 2019	$ 7,581	$ 9,796	$ 17,377
Amortization for the period	-	347	347
Balance at June 30, 2020	**$ 7,581**	**$ 10,143**	**$ 17,724**

	Office equipment	Total
Net Book Values		
As at December 31, 2018	$ 475	$ 475
As at December 31, 2019	$ -	$ -
As at June 30, 2020	**$ 1,734**	**$ 1,734**

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2020	December 31, 2019
Trade payables	**$ 35,186**	$ 74,296
Accrued expenses	**22,971**	28,471
Credit cards	**12,783**	10,551
	$ 70,940	$ 113,318

11. CONTRACT LIABILITIES

The following table presents changes in the contract liability balances for the periods ended June 30, 2020 and 2019:

	June 30, 2020	June 30, 2019
Balance, beginning of the period	**$ 216,334**	$ 293,651
Amounts invoiced and collected during the period	**260,472**	257,721
Amounts earned during the period	**(273,508)**	(335,538)
Contract liabilities, end of the period	**$ 203,298**	$ 215,834

(Expressed in Canadian Dollars)

12. LOAN PAYABLE

$100,000 remains undrawn on the line of credit relating to the secured line of credit by the former President and CEO of the Company as of the year ended December 31, 2019 and the six months ended June 30, 2020.

13. CANADA EMBERGANCY BUSINESS LOAN PAYABLE

The Canada Emergency Business Account (CEBA) is a $40,000 limited-time, interest-free loan until December 31, 2022.

14. SHARE CAPITAL

(a) Authorized:
An unlimited number of common shares, an unlimited number of Class A common shares and an unlimited number of preferred shares issuable in series.

(b) Total outstanding shares:
Issued:
16,856,632 Common shares as at June 30, 2020 and December 31, 2019

(c) Stock options

The Company has an incentive stock option plan for the officers and directors enabling them to purchase common shares. Each option granted under the plan is for a maximum term of 10 years. The exercise price is determined by the Company's board of directors at the time the option is granted, subject to regulatory approval, and may not be less than the most recent closing price of the common shares at the date of grant. Vesting provisions are also determined at the time of grant by the Company's board of directors.

The Company used a zero forfeiture rate in valuing the stock options as all stock options were vested immediately on the date of the grant.

The stock options activity is as follows:

	June 30, 2020		December 31, 2019	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of the period	**1,785,663**	**$ 0.01**	1,785,663	$ 0.01
Outstanding, end of the period	**1,785,663**	**$ 0.01**	1,785,663	$ 0.01

During the period ended June 30, 2020, no options were granted (December 31, 2019 - mil).

(Expressed in Canadian Dollars)

14. SHARE CAPITAL (Cont'd)

The following table summarizes the stock options outstanding as at June 30, 2020:

Number of options outstanding	Exercise price	Expiry date	Number of options exercisable
100,000	$ 0.02	November 25, 2021	100,000
1,185,663	$ 0.01	January 16, 2022	1,185,663
500,000	$ 0.02	September 12, 2023	500,000
1,785,663			1,785,663

15. RELATED PARTY TRANSACTIONS

The following related party transactions occurred and were reflected in the financial statements during the periods ended June 30, 2020 and 2019 as follows:

REMUNERATION OF KEY PERSONNEL

	Three Months June 30, 2020	Three Months June 30, 2019	Six Months June 30, 2020	Six Months June 30, 2019
Salaries	$ 55,000	$ 55,000	$ 110,000	$ 110,000
Directors' fees	3,750	3,750	7,500	7,500
Consulting fees	12,000	12,000	24,000	24,000
Total	$ 70,750	$ 70,750	$ 141,500	$ 141,500

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company and its subsidiary including the Company's Board of Directors. The Company considers key management to be the members of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer.

Included in accounts payable and accrued liabilities are management fees of $31,075 (December 31, 2019 - $31,075).

16. MANAGEMENT OF CAPITAL

The Company's objective is to develop a strong capital base to sustain future development and growth of the business. The Company manages its capital by maintaining a flexible capital structure which optimizes the cost of capital at an acceptable level of risk and makes adjustments on it in the light of changes in economic conditions and the risk characteristics of its underlying assets. The Company's capital base is currently represented by shareholders' equity. The Board of Directors reviews the Company's business plans as part of its strategic initiatives in conjunction with its financial forecast. The Board of Directors does not establish a quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is not subject to any external imposed capital requirements.

(Expressed in Canadian Dollars)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's significant financial instruments are comprised of cash and cash equivalents, accounts receivables, marketable securities, consideration receivable and accounts payable and accrued liabilities.

Measurement and Fair Value

The fair value of the Company's accounts receivable, consideration receivable and accounts payable and accrued liabilities approximate their respective carrying value as at the statement of unaudited interim condensed consolidated statements of financial position date because of the short term maturity of these instruments.

Financial instruments recorded at fair value on the balance sheet date are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1- valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 - valuation techniques based on inputs for the asset or liability that are not based on observable market data.

The fair value of cash, cash equivalents and marketable securities is measured based on Level 1 inputs referred to in the three levels of the hierarchy noted above.

Risk management

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has exposure to the following risks from its use of financial instruments:

(a) Fair value of financial instruments:

The fair value of financial assets and liabilities, together with their carrying amounts are as follows:

	June 30, 2020		December 31, 2019	
Financial assets	**Carrying value**	**Fair value**	Carrying value	Fair value
Financial assets at amortized cost:				
Cash and cash equivalents	**$ 40,231**	**$ 40,231**	$ 564,608	$ 564,608
Accounts receivable	**12,055**	**12,055**	10,520	10,520
Consideration receivable	**64,417**	**64,417**	64,417	64,417
	$ 116,703	**$ 116,703**	$ 639,545	$ 639,545

(Expressed in Canadian Dollars)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

Financial liabilities	June 30, 2020		December 31, 2019	
	Carrying value	**Fair value**	Carrying value	Fair value
Other financial liabilities, measured at amortized cost:				
Trade payables and accrued liabilities	**$ 70,940**	**$ 70,940**	$ 113,318	$ 113,318
	$ 70,940	**$ 70,940**	$ 113,318	$ 113,318

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, accounts receivable and consideration receivable. The carrying amount of financial assets represents the maximum credit exposure to the Company.

The Company has established credit approval and monitoring practices to mitigate this risk, including reviewing the creditworthiness of new customers to establish credit limits, monitoring customers' payments and, where considered appropriate, reviewing the financial condition of the existing customers.

The following table outlines the details of aging of the Company's receivables:

	June 30, 2020	December 31, 2019
Current	$ 40	$ 3,257
1-30 days	2,396	-
31-60 days	1,067	3,368
Greater than 60 days	8,552	3,895
Total receivable, net	$ 12,055	$ 10,520

The Corporation is exposed to normal credit risk from customers. Accounts receivable are generally unsecured, subject to the Corporation's ability to file security interest under certain conditions. Accounts receivable are normally collected 30 days after invoicing. Default rates on unsecured credit have traditionally been below 1% of annual revenue. Licenses for proprietary software cease to function if payments are not kept current. The Corporation minimizes concentrations of credit risk by maintaining a wide customer base spread across differing industries. Additional sales and services may be withheld if a customer fails to pay its obligations in a timely manner. The Corporation considers accounts over 90 days old overdue. As at June 30, 2020, accounts receivable over 30 days old were $9,619 (December 31, 2019 - $7,258). The Company recorded $nil bad debts during the period ended June 30, 2020 (June 30, 2019 - $7,486). The Company has determined that its expected credit losses are minimal as at June 30, 2020.

(c) Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company's activities are financed through a combination of the cash flows from operations and proceeds from the disposition of its short-term investments. The Company manages liquidity risks by monitoring the actual and forecasted cash flows taking into account the current and planned operations. All of the Company's accounts payable are due within the next year.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

(e) Foreign exchange risk

Foreign currency exchange risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate as a result of changes in foreign exchange rates. The Company's operations are exposed to foreign exchange fluctuations in that the majority of sales by the Grapevine division are denominated in US currency, while the majority of costs are denominated in Canadian currency. The Company believes it is not significantly exposed to foreign exchange rate risk; the risk is considered to be acceptable as a normal risk of that class of business.

18. COMMITMENTS

The Company has contracted with 2232021 Ontario Inc. to provide operations and sales management services to the Grapevine division for an annual base fee of $103,600, plus applicable taxes, and additional sales based incentives.

19. SEGMENTED INFORMATION

For management purposes, the Company is organized into one business segment as web-based survey and data collection, which primarily operates in one geographical location, North America. Management assesses performance and makes decisions based on the results of operations of this business segment.

20. SUBSEQUENT EVENT

In the first quarter of 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the U.S., Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by U.S., Canada and other countries to fight the virus.

While the extent of the impact is unknown, the Company anticipates that he COVID-19 outbreak will cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which will negatively impact the Company's business.

Effective July 1, 2020 the Company transferred all of the assets and liabilities of its Grapevine division to its wholly-owned subsidiary, Grapevine Analytics Inc. ("GAI"), in exchange for shares of the subsidiary. Since July 1, 2020 GAI has continued to carry on the Grapevine business formerly carried on as a division of the Company.

20. SUBSEQUENT EVENT (Cont'd)

On July 15, 2020 the Company entered into a letter of intent to purchase LOC8 Corp. ("LOC8") and on September 2, 2020 entered into an acquisition agreement dated September 2, 2020 (the "Acquisition Agreement") with Loc8 Corp. ("Loc8"), pursuant to which Aylen will acquire all of the issued and outstanding securities of Loc8 (the "Acquisition") in a reverse takeover transaction ("RTO"). In addition, under the Acquisition Agreement, concurrent with the completion of the Acquisition, Aylen will sell to the family of the late John Pennal, Aylen's former Chief Executive Officer, Aylen's wholly-owned subsidiary GAI in exchange for (i) $100 cash, (ii) an Indemnification to Aylen in respect of any taxes, losses or other costs resulting from the sale of GAI, (iii) payment of a dividend to all existing Aylen shareholders of all unencumbered cash held by the Company that is estimated to be $400,000 or $0.022 per share. In addition to the above noted agreements John Pennal agreed to terminate his employment agreement with Aylen and to relinquish all severance and bonus payments to which he would otherwise be entitled. The acquisition agreement is conditional upon approval by the board. An estimate of the financial effect of these transactions cannot be made at this time as the transaction has not been finalized.

In October 2020, 1,785,663 stock options were exercised at an exercise price of $0.01 to $0.02. The total gross proceeds were $23,857.

AYLEN CAPITAL INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(In Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Aylen Capital Inc.:

Opinion

We have audited the financial statements of Aylen Capital Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2019 and December 31, 2018, and the statements of net income (loss) and comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and December 31, 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Brock Stroud.

MNP LLP

Toronto, Ontario
May 28, 2020

Chartered Professional Accountants
Licensed Public Accountants

MNP

AYLEN CAPITAL INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	Notes		December 31, 2019		December 31, 2018
ASSETS					
Cash and cash equivalents	4	**$**	**564,068**	$	724,808
Accounts receivable	6		**10,520**		7,427
HST recoverable			**20,178**		22,008
Current portion of consideration receivable	7		**64,417**		121,165
			659,183		875,408
Non current portion of consideration receivable	7		**-**		55,076
Property and equipment	8		**-**		475
		$	**659,183**	$	930,959
LIABILITIES					
Accounts payable and accrued liabilities	9	**$**	**113,318**	$	93,554
Contract liabilities	10		**216,334**		293,651
			329,652		387,205
SHAREHOLDERS' EQUITY					
Share capital	12		**1,350,570**		1,350,570
Contributed surplus			**320,765**		320,765
Deficit			**(1,341,804)**		(1,127,581)
			329,531		543,754
		$	**659,183**	$	930,959

COMMITMENT (Note 17)
SUBSEQUENT EVENT (Note 19)

Approved on Behalf of the Board

'John Pennal' Director

'William Hale' Director

See accompanying notes to the financial statements.

AYLEN CAPITAL INC.

STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED

	Notes	Years Ended December 31, 2019	2018
Revenues			
Sales revenue		**$ 607,576**	$ 560,714
		607,576	560,714
Expenses			
General and administrative		**$ 399,734**	$ 385,462
Selling expenses		**433,757**	428,440
Bad debt expense	16(b)	**2,911**	-
Interest on short term debt	11	**-**	2,004
Amortization	8	**475**	476
Share-based payment	12(c)	**-**	9,840
Total expenses		**836,877**	826,222
Other income			
Realized gain on sale of shares in private company	7	**-**	1,022,622
Accretion on short term debt		**-**	(4,870)
Accretion on consideration receivable	7	**6,051**	1,504
Loss on settlement of debt		**-**	(17,606)
Interest income		**9,027**	357
Realized loss on sale of marketable securities	5	**-**	(906)
Net income (loss) and comprehensive income (loss) for the year before taxes		**(214,223)**	735,593
Income tax recovery	14	**-**	4,003
Net income (loss) and comprehensive income (loss) for the year		**$ (214,223)**	$ 743,599

Net loss per share		
Basic net income (loss) per share	**$ (0.013)**	$ 0.044
Diluted net income (loss) per share	**$ (0.013)**	$ 0.041
Weighted average number of shares outstanding - Basic	**16,856,632**	16,856,632
Weighted average number of shares outstanding - Diluted	**16,856,632**	17,861,348

See accompanying notes to the financial statements.

AYLEN CAPITAL INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Share capital				
	Common shares	Amount	Contributed surplus	Deficit	Total
Balance January 1, 2018	16,856,632	$1,350,570	$ 299,821	$ (1,867,177)	$ (216,786)
Issuance of convertible debt (Note 11)	-	-	15,107	-	15,107
Share-based payment (Note 12(c))	-	-	9,840	-	9,840
Income tax recovery (Note 14)	-	-	(4,003)	-	(4,003)
Net income for the year	-	-	-	739,596	739,596
Balance, December 31, 2018	16,856,632	$1,350,570	$ 320,765	$ (1,127,581)	$ 543,754

Balance January 1, 2019	16,856,632	$1,350,570	$ 320,765	$ (1,127,581)	$ 543,754
Net loss for the year	-	-	-	(214,223)	(214,223)
Balance, December 31, 2019	16,856,632	$1,350,570	$ 320,765	$ (1,341,804)	$ 329,531

See accompanying notes to the financial statements.

AYLEN CAPITAL INC.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED

	Years Ended December 31, 2019	2018
OPERATING ACTIVITIES		
Net income (loss) for the year	**$ (214,223)**	$ 743,599
Adjustments not affecting cash:		
Bad debts (Note 16(b))	**(2,911)**	-
Realized loss on sale of marketable securities	**-**	906
Realized gain on sale on investment (Note 7)	**-**	(1,022,622)
Amortization (Note 8)	**475**	476
Share-based payment (Note 12(c))	**-**	9,840
Foreign exchange gain	**-**	(6,386)
Accretion expense (Note 7)	**(6,051)**	3,366
Loss on settlement of debt (Note 11)	**-**	10,237
Income tax recovery (Note 14)	**-**	(4,003)
	(222,710)	(264,587)
Changes in non-cash working capital		
Accounts receivable	**(182)**	5,199
Current portion of consideration receivable	**117,875**	-
HST recoverable	**1,830**	(11,625)
Contract liabilities	**(77,317)**	63,500
Accounts payable and accrued liabilities	**19,764**	(25,863)
Cash used in operating activities	**(160,740)**	(233,376)
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	**-**	4,226
Proceeds from sale of investment (Note 7)	**-**	847,887
Cash provided by investing activities	**-**	852,113
Effect of foreign exchange on cash	**-**	18,431
Net (decrease) increase in cash	**(160,740)**	637,168
Cash and cash equivalents, beginning of year	**724,808**	91,643
Cash and cash equivalents, end of year	**$ 564,068**	$ 728,811

See accompanying notes to the financial statements.

1. INCORPORATION AND NATURE OF OPERATIONS

Aylen Capital Inc. ("Aylen" or the "Company") was incorporated on October 28, 2010 under the Canada Business Corporations Act. The Company's registered head office is located at Scotia Plaza, 40 King Street West, Suite 2502, Toronto, Ontario M5H 3Y2, Canada.

Grapevine Solutions ("Grapevine"), an unincorporated division of Aylen, operates a web-based survey and data-collection business.

2. BASIS OF PRESENTATION

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations as issued by the International Accounting Standards Board ("IASB").

The financial statements of the Company for the years ended December 31, 2019 and December 31, 2018 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 28, 2020.

Basis of measurement and functional currency

The financial statements are presented in Canadian dollars and have been prepared on the historical cost basis except for financial instruments measured at fair value through profit or loss. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The Company's functional currency is the Canadian dollar.

Critical accounting estimates, judgment and assumptions

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas of financial reporting that require management's estimates and judgments are as follows:

Valuation of accounts receivable

The valuation of accounts receivables requires assumptions including estimated credit losses based on customer, industry concentrations and the Company's knowledge of the financial conditions of its customers. Uncertainty relates to the actual collectibility of customer balances that can vary from management's estimates and judgment.

Share-based payments

In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option, stock price, the volatility of the Company's stock price and the risk-free interest rate are used. The fair value of the instruments granted is measured using a Black-Scholes option pricing model.

Deferred tax assets

The key estimate used in the valuation of deferred tax assets is the probability that some portion or all of the deferred tax assets will be realized. The ultimate realization of the deferred tax assets is dependent on the generation of future taxable income during the years in which the temporary differences are deductible.

2. BASIS OF PRESENTATION (Cont'd)

Revenue recognition

The Company uses estimates when calculating the unearned component of subscription fees and consulting income collected. There is no variable consideration, or consideration payable relating to subscription fees or consulting income. The contract price is fixed based on the client's needs and agreed upon entering the contract.

Functional currency

The determination of the Company's functional currency is a management judgment based on consideration of the currency and economic factors that mainly influence operating costs, financing and related transactions. Changes to these factors may have an impact on the judgment applied in the future determination of the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The policies applied in these consolidated financial statements are based upon IFRS and its interpretations issued and outstanding as of December 31, 2019.

Revenue recognition

Under IFRS 15, revenue is recognized at an amount that reflects the consideration received in exchange for transferring to a customer, applying the following five steps:

(i) Identify the contract with a customer
(ii) Identify the performance obligations in the contract
(iii) Determine the transaction price
(iv) Allocate the transaction price to the performance obligation in the contract
(v) Recognize revenue when (or as) the entity satisfies a performance obligation.

Software as a Service ("SaaS")

Software is provided to customers via a SaaS subscription model which allows customers to use hosted software over a term without taking possession of the software. The parties in the contract are identified in a signed agreement which states each parties' rights, performance obligations and payment terms. Revenue is recognized monthly over the life of the contract as the performance obligations are satisfied through the provision of access to the software.

All new customers are subject to start-up fees per the contract. The Company also earns revenue from additional add on services available to the customers. The start up fees and the additional add on services are classified as being a series of distinct services that are substantially the same as the SaaS.

The performance obligation contained in the Company's contract with its customers and timing of recognizing revenue of that obligation is as follows:

Revenue Type	Performance Obligation	Point in Time or Over Time	When is Performance Obligation Satisfied?
Software as a service (survey/evaluation licenses)	Access to underlying surveys or evaluations for agreed upon time period (typically 90 or 365 days)	Over time	Over the course of the agreed upon term stated in the invoice (typically 90 or 365 days).

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Company generally receives payment from its client in advance for the subscription revenue. In instances where timing of revenue recognition differs from the timing of invoicing and subsequent payment, the Company has determined their contracts do not involve a significant financing component. Clients may pay the subscription price for the term of the contract in advance of using the services in which case the amount paid is recorded as deferred revenue and recognized as revenue when earned.

Provision

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The unwinding of the discount is recognized as a finance cost.

Financial instruments

The following table summarizes the classification and measurement of the Company's financial instruments:

Classification	IFRS 9
Cash and cash equivalents	FVTPL
Marketable securities	FVTPL
Accounts receivables	Amortized cost
Consideration receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loan payables	Amortized cost

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

ii. Investments recorded at fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis.

iii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows, and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

ii. Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, canceled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since the initial application.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Compound Financial instruments

Compound financial instruments issued by the Company are comprised of drawdowns of a line of credit that can be converted to share capital at the option of the holder. The liability component of a compound financial instrument is recognized initially at the fair value which is equal to the net present value of future cash flows applying an interest rate at the date of issue of a similar liability that does not have an equity convertible option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and held by financial institutions with high credit worthiness with maturities of three months or less.

Marketable securities

Marketable securities consist of investments in equity securities which are publicly traded and are classified as fair value through profit and loss. Marketable securities are measured at fair value and recognized on the trade date. The fair value of publicly traded securities is determined using quoted market prices. Realized and unrealized gains and losses are recognized using the fair value of the marketable securities at the reporting date. Gains and losses in the changes on fair value of marketable securities are recognized in the consolidated statements of net income (loss) and comprehensive income (loss).

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and impairment losses.

Amortization is calculated over the depreciable amount, which is the cost of an asset, less its residual value.

The estimated useful lives for the current and comparative periods are as follows

Equipment	3 years straight-line
Office equipment	3 years straight-line

The net carrying amount of property and equipment are reviewed for impairment either individually or at the cash-generating unit level when events and changes in circumstances indicate that the carrying amount may not be revocable. To the extent that these values exceed their recoverable amounts, the excess is fully provided for in the financial year in which it is determined.

Where an item of property and equipment is disposed of by sale, it is derecognized and the difference between its derecognized and the difference between its carrying value and net proceeds is recognized as gain or loss on the disposal of asset in the statement of net income (loss) and comprehensive income (loss).

Any items of property and equipment that cease to have future economic benefits expected to arise from their continued use are derecognized with the associated loss included as depreciation expense and disclosed separately.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or to items recognized directly in equity or in other comprehensive income (loss). In this case, the tax is also recognized directly in equity or in net income (loss) and comprehensive income (loss).

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date in the countries in which the Company operates, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

In the ordinary course of business, there are many transactions for which the ultimate tax outcome is uncertain. The final tax outcome of these matters may be different from the estimates originally made by management in determining income tax provisions. Management periodically evaluates the positions taken in the Company's tax returns with respect to situations in which applicable tax rules are subject to interpretation. A provision is established related to tax uncertainties where appropriate based on management's best estimate of the amount that will ultimately be paid to or received from tax authorities.

Foreign currency translation

Transactions in foreign currencies are translated to Canadian dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency of which is the Canadian dollar at the exchange rate at that date. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the entity. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Stock-based compensation

The Company issues share-based awards to its officers and directors. The awards are comprised of equity settled stock options. Fair values of stock options are calculated using the Black-Scholes option pricing model at the date of the grant and adjusted for estimated forfeitures. For awards with graded vesting, the fair value of each tranche is calculated separately and recognized over its respective vesting period. Nonmarket vesting conditions are considered in making assumptions about the number of awards that are expected to vest. At each reporting date, the Company will reassess its estimates of the number of awards that are expected to vest and recognize the impact of any revision in the statement of income with a corresponding adjustment to contributed surplus.

Any consideration paid on exercise of stock options or purchase of shares, together with the amount initially recorded in contributed surplus, is credited to share capital.

Net income (loss) per share

Basic income (loss) per common share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted income per share is calculated using a common share balance increased by the number of common shares that could be issued on the exercise of outstanding options of the Company.

Changes in significant accounting policies

IFRS 16 - Leases - In January 2016, the International Accounting Standards Board (IASB) issued a new International Financial Reporting Standard (IFRS) on lease accounting which was incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2016. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease assets and liabilities are initially recognized on a present value basis and subsequently, similarly to other non-financial assets and financial liabilities, respectively. The lessor accounting requirements are substantially unchanged and, accordingly, continue to require classification and measurement as either operating or finance leases. The new standard also introduces detailed disclosure requirements for both the lessee and lessor. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers.

The Company's adoption of IFRS 16 did not have a material financial impact on the consolidated financial statements.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Accounting standards and amendments issued but not yet applied

The International Accounting Standards Board ("IASB") has issued the following accounting standards which have not yet been adopted by the Company:

Amendment to IFRS 3 – Business Combinations

On October 22, 2018, the IASB issued Definition of a Business (Amendments to IFRS 3: Business Combinations). The amendments to IFRS 3 are applicable for acquisitions occurring on or after January 1, 2020 and are adopted prospectively. These amendments to the implementation guidance of IFRS 3 clarify the definition of a business to assist entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. The amendments to IFRS 3 – Business Combinations may affect whether future acquisitions are accounted for as business combinations or asset acquisitions, along with the resulting allocation of the purchase price between the net identifiable assets acquired and goodwill. The Company does not expect any impact to the financial statements as a result of its adoption of the amendments to IFRS 3.

4. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents consist of the following:

	December 31, 2019	December 31, 2018
Cash held in banks	**$ 109,488**	$ 42,708
GIC	**454,580**	682,100
	$ 564,068	$ 724,808

There were no restrictions on the cash held by broker.

5. MARKETABLE SECURITIES

Investment in equities are publicly-traded investments on a recognized securities exchange and for which no sales restrictions apply. The fair value of these securities is based on quoted closing prices at the period end date or the closing price on the last day the security traded if there were no trades at the period end date. If the closing price is outside of the bid-ask spread, management determines appropriate price for the security within the bid-ask spread. The fair value of mutual funds is determined using the net asset value per unit of each fund. During the December 31, 2018 fiscal year, all marketable securities were sold resulting in a realized loss of $906 in the statement of net income (loss) and comprehensive income (loss).

6. ACCOUNTS RECEIVABLE

Details of the Company's trade and other receivables are as follows:

	December 31, 2019	December 31, 2018
Canadian and U.S. customers	**$ 10,520**	$ 7,427

Accounts receivable are amounts due from subscriptions that remain uncollected at the financial statements date. These amounts are classified as current because collection is expected in one year or less. Accounts receivable are recognized initially at the amount expected to be received less any discount to reduce the recoverable amount to fair value. Subsequently, accounts receivable are measured at amortized cost using the effective interest method less a provision for impairment with no allowance taken on accounts receivable.

(Expressed in Canadian Dollars)

7. INVESTMENTS

On November 16, 2018, the Company sold all its shares of Leonardo Worldwide Corporation to an unrelated third party. The proceeds received by the Company on closing were $847,887. The Company recognized a total gain on sale of the Leonardo shares of $1,022,622, calculated as the excess of total consideration comprised of $847,887 on closing, $121,165 in connection with the first holdback receivable and $53,572 in connection with the second holdback receivable over the $2 carrying value of the Leonardo shares recognized in other income on the statement of income (loss) and comprehensive income (loss).

The first holdback was received during fiscal 2019. The second holdback of US$57,182 ($64,417 as at December 31, 2019) is payable two years after closing and is to be paid on November 16, 2020, therefore held as a current asset. Due to the long-term nature of the second holdback receivable on initial recognition, the future payment of US$57,182 has been present valued using an effective interest rate of 22.8%, valued at $64,417 as of December 31, 2019. Accretion income of $6,051 was recognized on this receivable for the year ended December 31, 2019 (2018 - $1,504).

The holdbacks may be reduced by the portion attributable to the Company of any shortfall pursuant to a net tangible asset purchase price adjustment mechanism or any claims for indemnification made by the purchaser.

8. PROPERTY AND EQUIPMENT

	Equipment	Office equipment	Total
Cost			
Balance at December 31, 2017, 2018 and 2019	**$ 7,581**	**$ 9,796**	**$ 17,377**
Accumulated Amortization			
Balance at December 31, 2017	$ 7,581	$ 8,845	$ 16,426
Amortization for the period	-	476	476
Balance at December 31, 2018	$ 7,581	$ 9,321	$ 16,902
Amortization for the period	-	475	475
Balance at December 31, 2019	**$ 7,581**	**$ 9,796**	**$ 17,377**

	Equipment	Office equipment	Total
Net Book Values			
As at December 31, 2018	$ -	$ 475	$ 475
As at December 31, 2019	**$ -**	**$ -**	**$ -**

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2019	December 31, 2018
Trade payables	**$ 74,296**	$ 59,875
Accrued expenses	**28,471**	26,471
Credit cards	**10,551**	7,208
	$ 113,318	$ 93,554

(Expressed in Canadian Dollars)

10. CONTRACT LIABILITIES

The following table presents changes in the contract liability balances for the years ended December 31, 2019 and December 31, 2018:

		December 31, 2019		December 31, 2018
Balance, beginning of the year	**$**	**293,651**	$	218,106
Amounts invoiced and collected during the year		**554,458**		624,214
Amounts earned during the year		**(631,775)**		(548,669)
Contract liabilities, end of the year	**$**	**216,334**	$	293,651

11. LOAN PAYABLE

During the year ended December 31, 2018, the Company received proceeds of $70,000 from the President and CEO of the Company relating to the issuance of a secured line of credit for up to $100,000. The line of credit carries interest at a rate of 5% and is convertible into common shares at a rate of $0.02 per share at the option of the holder and matured December 31, 2019. The proceeds were received in three drawdowns of this line of credit between April 26, 2018 and July 11, 2018 which were valued at a cumulative $54,893 prior to the recognition of accretion of $4,870 between the date of issuance and date of repayment. The effective interest rates used to value these three payments ranged 23.3%-23.8%.

The convertible debt issuances in the previous year were determined to be compound instruments, comprising of liability and conversion features. As the drawdowns of the line of credit are convertible into common shares, the liability and equity components are presented separately. The initial carrying amount of the financial liability was determined by discounting the stream of future payments of interest and principal at a market interest rate of 20%. Using the residual method, the carrying amount of the conversion feature was the difference between the principal amount and the initial carrying value of the financial liability. The equity component was recorded in reserves on the statement of financial position. The liability component was accreted using the effective interest rate method over the term of the debt such that the carrying amount of the financial liability would equal the principal balance at maturity, had the debt not been repaid prior to maturity.

The Company repaid the full $70,000 drawn down from this line of credit on November 22, 2018. During the year ended December 31, 2018, the Company also repaid an additional $9,373, of which $2,004 has been recognized as interest and the residual $7,369 has been recognized as loss on debt in connection with an overpayment of interest. $100,000 remains undrawn on the line of credit as of the years ended December 31, 2019 and December 31, 2018.

Convertible debentures consist of the following:

		Proceeds (repayments)		Debt Component		Interest expense		Equity Component		Loss on settlement of debt
Issuance of convertible debt	$	70,000	$	54,893	$	-	$	15,107	$	-
Accretion		-		4,870		-		-		-
Settlement of debt (principal)		(79,373)		(59,763)		-		-		10,237
Settlement of debt (interest)		9,373		-		2,004		-		7,369
Balance, December 31, 2018	$	-	$	-	$	2,004	$	15,107	$	17,606
Balance, December 31, 2019	$	-	$	-	$	-	$	15,107	$	-

(Expressed in Canadian Dollars)

12. SHARE CAPITAL

(a) Authorized:
An unlimited number of common shares, an unlimited number of Class A common shares and an unlimited number of preferred shares issuable in series.

(b) Total outstanding shares:
Issued:
16,856,632 Common shares as at December 31, 2019 and 2018

(c) Stock options

The Company has an incentive stock option plan for the officers and directors enabling them to purchase common shares. Each option granted under the plan is for a maximum term of 10 years. The exercise price is determined by the Company's board of directors at the time the option is granted, subject to regulatory approval, and may not be less than the most recent closing price of the common shares at the date of grant. Vesting provisions are also determined at the time of grant by the Company's board of directors.

The Company used a zero forfeiture rate in valuing the stock options as all stock options were vested immediately on the date of the grant.

The stock options activity is as follows:

	December 31, 2019			December 31, 2018		
	Number of Options		**Weighted Average Exercise Price**	Number of Options		Weighted Average Exercise Price
Outstanding, beginning of the year	**1,785,663**	**$**	**0.01**	1,285,663	$	0.04
Granted	**-**		**-**	500,000		0.02
Outstanding, end of the year	**1,785,663**	**$**	**0.01**	1,785,663	$	0.01

During the year ended December 31, 2019, no options were granted (December 31, 2018 - 500,000 which vested immediately at an exercise price of $0.02 per share and with a term of 5 years from the date of grant). The share-based payment expense related to the options for the year ended December 31, 2019 of $nil (December 31, 2018 - $9,840) has been estimated using the Black-Scholes pricing model.

The assumptions used for the valuation of stock options are as follows:

	December 31, 2018
Risk-free interest rate	2.25%
Time to maturity	5 years
Estimated volatility in the market price of the common shares	214.53%
Grant date fair value per share of options granted during the year	$0.02
Dividend yield	Nil
Forfeiture rate	Nil

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (Cont'd)

The following table summarizes the stock options outstanding as at December 31, 2019:

Number of options outstanding	Exercise price	Expiry date	Number of options exercisable
100,000	$ 0.02	November 25, 2021	100,000
1,185,663	$ 0.01	January 16, 2022	1,185,663
500,000	$ 0.02	September 12, 2023	500,000
1,785,663			1,785,663

13. RELATED PARTY TRANSACTIONS

The following related party transactions occurred and were reflected in the financial statements during the years ended December 31, 2019 and 2018 as follows:

REMUNERATION OF KEY PERSONNEL

	Years Ended December 31, 2019	2018
Salaries	$ 252,500	$ 220,000
Directors' fees	22,500	15,000
Consulting fees	48,000	62,500
Stock options	-	8,703
Total	$ 323,000	$ 306,203

Legal fees paid to a firm of which the CEO was counsel was $7,005 in 2018. As of January 1, 2019, the law firm was no longer considered a related party.

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company and its subsidiary including the Company's Board of Directors. The Company considers key management to be the members of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer.

Included in accounts payable and accrued liabilities are management fees of $31,075 (December 31, 2018 - $Nil), consulting fees of $Nil (December 31, 2018 - $2,168).

During the year ended December 31, 2018, the Company received a secured line of credit totaling $70,000 from the President and CEO (note 11). As a result, interest of $2,004 and additional fees of $7,369 were paid in the year ended December 31, 2018 to the President and CEO. As at December 31, 2018, all amounts have been repaid by the Company.

(Expressed in Canadian Dollars)

14. INCOME TAXES

(a) Income tax expense

The reconciliation of income taxes attributable to operations computed at the combined statutory income tax rate of 26.50% (2017 - 26.50%) to income tax recovery is as follows:

		December 31, 2019		December 31, 2018
Net Income (Loss) before recovery of income taxes	$	(214,223)	$	739,593
Expected income tax expense (recovery) at statutory rates		(56,769)		(194,932)
Increase (decrease) resulting from:				
Tax rate changes and other adjustments		-		(44,358)
Permanent Difference		750		(240,739)
Change in tax benefits not recognized		56,019		86,162
Income tax (recovery) expense	$	-	$	(393,867)

The company's income tax (recovery) is allocated as follows:

		December 31, 2019		December 31, 2018
Current tax (recovery) expense	$	-	$	-
Deferred tax (recovery) expense		-		(4,003)
		-		(4,003)

(b) Deferred taxes

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

		December 31, 2019		December 31, 2018
Property and equipment	$	3,830	$	4,313
Non-capital losses		1,240,097		1,818,272
Capital loss carried forward		1,644,352		-
Consideration receivable		13,590		22,932

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in repect of these items because it is not probable that future taxable profit will be available against which the Company and its subsidiary can utilize the benefits therefrom. The remaining deductible temporary differences may be carried forward indefinitely.

(Expressed in Canadian Dollars)

14. INCOME TAXES (Cont'd)

The Company's Canadian non-capital income tax losses expire as follows:

2031	$	88,800
2032		161,963
2033		235,912
2034		132,834
2035		-
2036		40,965
2037		79,127
2038		285,008
2039		215,588
	$	1,240,197

15. MANAGEMENT OF CAPITAL

The Company's objective is to develop a strong capital base to sustain future development and growth of the business. The Company manages its capital by maintaining a flexible capital structure which optimizes the cost of capital at an acceptable level of risk and makes adjustments on it in the light of changes in economic conditions and the risk characteristics of its underlying assets. The Company's capital base is currently represented by shareholders' equity. The Board of Directors reviews the Company's business plans as part of its strategic initiatives in conjunction with its financial forecast. The Board of Directors does not establish a quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is not subject to any external imposed capital requirements.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's significant financial instruments are comprised of cash and cash equivalents, accounts receivables, consideration receivable and accounts payable and accrued liabilities.

Measurement and Fair Value

The fair value of the Company's accounts receivable, consideration receivable and accounts payable and accrued liabilities approximate their respective carrying value as at the statement of financial position date because of the short term maturity of these instruments.

Financial instruments recorded at fair value on the balance sheet date are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1- valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 - valuation techniques based on inputs for the asset or liability that are not based on observable market data.

The fair value of cash and cash equivalents is measured based on Level 1 inputs referred to in the three levels of the hierarchy noted above.

(Expressed in Canadian Dollars)

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

Risk management

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has exposure to the following risks from its use of financial instruments:

(a) Fair value of financial instruments:

The fair value of financial assets and liabilities, together with their carrying amounts are as follows:

Financial assets	**December 31, 2019** Carrying value	**December 31, 2019** Fair value	December 31, 2018 Carrying value	December 31, 2018 Fair value
Financial assets at amortized cost:				
Cash and cash equivalents	**$ 564,068**	**$ 564,608**	$ 724,808	$ 724,808
Accounts receivable	**10,520**	**10,520**	7,427	7,427
Consideration receivable	**64,417**	**64,417**	176,241	176,241
	$ 639,005	**$ 639,545**	$ 908,476	$ 908,476

Financial liabilities	**December 31, 2019** Carrying value	**December 31, 2019** Fair value	December 31, 2018 Carrying value	December 31, 2018 Fair value
Other financial liabilities, measured at amortized cost:				
Trade payables and accrued liabilities	**$ 113,318**	**$ 113,318**	$ 93,554	$ 93,554
	$ 113,318	**$ 113,318**	$ 93,554	$ 93,554

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, accounts receivable and consideration receivable. The carrying amount of financial assets represents the maximum credit exposure to the Company.

The Company has established credit approval and monitoring practices to mitigate this risk, including reviewing the creditworthiness of new customers to establish credit limits, monitoring customers' payments and, where considered appropriate, reviewing the financial condition of the existing customers.

The following table outlines the details of aging of the Company's receivables:

	December 31, 2019	December 31, 2018
Current	$ 3,257	$ 3,840
Past due:		
31-60 days	3,368	3,356
Greater than 60 days	3,895	231
Total receivable, net	$ 10,520	$ 7,427

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

The Corporation is exposed to normal credit risk from customers. Accounts receivable are generally unsecured, subject to the Corporation's ability to file security interest under certain conditions. Accounts receivable are normally collected 30 days after invoicing. Default rates on unsecured credit have traditionally been below 1% of annual revenue. Licenses for proprietary software cease to function if payments are not kept current. The Corporation minimizes concentrations of credit risk by maintaining a wide customer base spread across differing industries. Additional sales and services may be withheld if a customer fails to pay its obligations in a timely manner. The Corporation considers accounts over 90 days old overdue. As at December 31, 2019, accounts receivable over 30 days old were $7,258 (December 31, 2018 - $3,587). The Corporation recorded $2,911 bad debts during the year ended December 31, 2019 (December 31, 2018 - $Nil). The Company has determined that its expected credit losses are minimal as at December 31, 2019.

(c) Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company's activities are financed through a combination of the cash flows from operations and proceeds from the disposition of its short-term investments. The Company manages liquidity risks by monitoring the actual and forecasted cash flows taking into account the current and planned operations. All of the Company's accounts payable are due within the next year.

(e) Foreign exchange risk

Foreign currency exchange risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate as a result of changes in foreign exchange rates. The Company's operations are exposed to foreign exchange fluctuations in that the majority of sales by the Grapevine division are denominated in US currency, while the majority of costs are denominated in Canadian currency. The Company believes it is not significantly exposed to foreign exchange rate risk; the risk is considered to be acceptable as a normal risk of that class of business.

The following assets were denominated in foreign currencies presented in Canadian dollars as of:

		December 31, 2019		December 31, 2018
Cash and cash equivalents	**$**	**548,379**	$	711,627
Accounts receivable		**7,614**		4,964
Consideration receivable		**64,417**		176,241
	$	**620,410**	$	892,832

A fluctuation of +/-10% provided as an indicative range in currency movement, on financial instruments that are denominated in foreign currencies other than Canadian dollars, with, all other things being equal, have an effect on the after-tax net income and other comprehensive income of approximately +/- $62,039 (2018 - $88,495).

17. COMMITMENTS

The Company has contracted with 2232021 Ontario Inc. to provide operations and sales management services to the Grapevine division for an annual base fee of $103,600, plus applicable taxes, and additional sales based incentives.

18. SEGMENTED INFORMATION

For management purposes, the Company is organized into one business segment as web-based survey and data collection, which primarily operates in one geographical location, North America. Management assesses performance and makes decisions based on the results of operations of this business segment.

19. SUBSEQUENT EVENT

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

While the extent of the impact is unknown, we anticipate this may affect our income with the outbreak causing reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Company's investments.

SCHEDULE "B"
MD&A OF THE CORPORATION

Management's Discussion and Analysis

For the three and six months ended June 30, 2020

Overview

The following Management's Discussion and Analysis ("MD&A") provides additional analysis of the operations, financial position and financial performance of Aylen Capital Inc. ("Aylen" or the "Company") for the three and six months ended June 30, 2020. It is supplementary information and should be read in conjunction with the Company's financial statements and accompanying notes for the three and six months ended June 30, 2020 and the year ended December 31, 2019. Reference should also be made to the Company's filings with the Canadian securities regulatory authorities that are available at www.sedar.com.

This MD&A is the responsibility of the management. The Board of Directors carries out its responsibility for the review of this disclosure principally through its audit committee which is comprised of a majority of independent directors. The audit committee reviews and, prior to its publication and pursuant to the authority delegated to it by the Board of Directors, approves this disclosure.

Aylen was incorporated on October 28, 2010 under the Canada Business Corporations Act. Aylen carries on a web-based survey and data collection business based in Markham, Ontario under the name Grapevine Solutions ("Grapevine") which operates as a wholly-owned subsidiary of Aylen.

Aylen is a publicly-traded company listed on the Canadian Securities Exchange under the symbol "AYL".

FORWARD-LOOKING STATEMENTS

Matters may be included in this MD&A that constitute "forward-looking" information within the meaning of Canadian securities law. Such forward-looking statements may be identified by words such as "plans", "proposes", "estimates", "intends", "expects", "believes", "may" or words of a similar nature. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from such statements. Factors that could cause actual results to differ materially include among others, regulatory risks, risk inherent in foreign operations, commodity prices and competition. Most of these factors are outside the control of the Company. All subsequent forward-looking statements attributable to the Company or its agents are expressly qualified in their entirety by these cautionary comments. Except as otherwise required by applicable securities statutes or regulation, the Company expressly disclaims any intent or obligation to update publicly forward-looking information, whether as a result of new information, future events or otherwise.

Overall Performance in the Second Quarter 2020

The revenues of the Grapevine business in the second quarter of 2020 decreased 3.8% from the same period in the prior year due to less effective sales and marketing efforts in the face of increased competition and due to the effects of the COVID-19 pandemic.

During the first quarter there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence.

These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

While the extent of the impact is unknown, we anticipate this may affect our income with the outbreak causing reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Company's investments.

At June 30, 2020, the Company had cash and cash equivalents and marketable securities of $526,000 (December 31, 2019 $564,000).

The Grapevine Business

Grapevine, which operates as a wholly-owned subsidiary of Aylen, was acquired by Centiva Capital Inc. ("Centiva"), the Company's predecessor, in October 2007. For accounting purposes, TriNorth's carrying value for Grapevine was nil and the acquisition of Grapevine was recorded at that carrying value.

Grapevine's business is based in Markham, Ontario and it consists of licensing and selling web-based survey and data collection software to third parties, most of whom are companies based in North America. Its software is used to perform customizable employee evaluations such as 360º employee evaluations, employee surveys, customer surveys, training surveys, web polls and data collection . The business has three full-time employees and engages consultants to provide software programming and upgrading and design services.

Effective July 1, 2020 Aylen transferred all of the assets and liabilities of its Grapevine division to its wholly-owned subsidiary, Grapevine Analytics Inc. ("GAI"), in exchange for shares of the subsidiary. Since July 1, 2020 GAI has continued to carry on the Grapevine business formerly carried on as a division of Aylen.

The primary business objectives for Aylen over the next 12 months are to grow the revenues of the Grapevine business through increased sales and marketing efforts and to establish Grapevine as a leading Human Resources online survey firm in North America.

The following is a summary of selected financial information for Grapevine over the past three financial years ended December 31 extracted from the audited financial statements of Aylen.

	2019	**2018**	**2017**
Total Revenues	607,576	560,714	778,357
Contract Liabilities (1)	216,334	293,651	218,106
Selling Expenses	433,757	428,440	458,263

(1) Contract liabilities are unearned subscription fees collected from customers amortized on a straight – line basis over the remaining life of the contract.

Grapevine's revenues have decreased in each of the previous three years as a result of increased competition and less effective sales and marketing efforts. The has been some turnaround due to a more focused sales and marketing. The majority of Grapevine's revenues originate in the US and the majority of Grapevine's sales are made in US dollars. The weaker Canadian dollar relative to the US dollar during 2019 and in the first and second quarters of 2020 has had a positive impact on Grapevine's revenues which are recorded in Canadian dollars.

Investments

Leonardo Worldwide Corporation

The first holdback was received during fiscal 2019. The second holdback of US$57,182 ($64,417 as at December 31, 2019) is payable on November 16, 2020, and therefore is held as a current asset. Due to the long-term nature of the second holdback receivable on initial recognition, the future payment of US$57,182 has been present valued using an effective interest rate of 22.8%, valued at $64,417 as of December 31, 2019.

The Holdbacks may be reduced by the portion attributable to the Company of any shortfall pursuant to a net tangible asset purchase price adjustment mechanism or any claims for indemnification made by the Purchaser.

Results of Operations

Grapevine had sales revenue of $146,000 and selling expenses of $115,000 for the second quarter of 2020 (for the second quarter of 2019 sales revenue was $151,000 with selling expenses of $101,000). Contract lliabilities, which represent unearned subscription fees collected from customers amortized on a straight –line basis over the remaining life of the contract, was $203,000 at June 30, 2020 ($216,000 at December 31, 2019.

General and administrative expenses were $80,000 for the current quarter compared with $93,000 for the second quarter of 2019. The lack of change in general and administrative expenses reflects a consistency in salaries, directors' fees and consulting fees. For the year ended December 31, 2019 the general and administrative expenses was $400,000.

As a result of the foregoing the Company recorded a net loss and comprehensive loss of $49,000 - ($0.003 per share for the second quarter of 2020) (net loss and comprehensive loss of $37,000 – ($0.002 per share) for the second quarter of 2019).

Summary of Quarterly Information

	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Sales	145,563	150,369	134,423	143,635	151,423	187,023	127,737	159,189
Interest and other income	248	1,992	2,010	2,603	2,969	1,445	31	-
Realize gain on sale of shares in private company and other income	-	-	-	-	-	-	1,022,622	-
Gain (loss), realized and unrealized, on marketable securities	92	-	-	-	-	-	-	-
Net Comprehensive Income (Loss)	(49,370)	19,264	(145,338)	(8,995)	(36,979)	(22,911)	908,157	(52,166)
Per Share	0.003	0.001	(0.009)	(0.001)	(0.002)	(0.001)	0.053	(0.003)
Per Share diluted	0.003	0.001	(0.009)	(0.001)	(0.002)	(0.001)	0.051	(0.003)

Revenues at Grapevine are subject to the influences of North American economic conditions and are also subject to some seasonal fluctuations. The demand for Grapevine's product offerings, which consist primarily of surveys and polls for businesses, including employee surveys and evaluations, is directly affected by economic conditions generally. In difficult economic times such as the period from 2008 to 2010, and the current period due to the effects of COVID-19, businesses tend to reduce discretionary spending, which would include Grapevine's products and conversely in more robust economic times spending on discretionary items tends to increase. In addition there is a limited amount of seasonality to Grapevine's revenues. Businesses tend to conduct the majority of employee surveys and polls at or towards the end of the calendar year and sales tend to slow down in the summer months due to vacations. As a result Grapevine's revenues are somewhat stronger in the fourth and second quarter and tend to be somewhat softer in the second and third quarters.

During the quarter there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

While the extent of the impact is unknown, we anticipate this may affect our income with the outbreak causing reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Company's investments.

Liquidity and Financial Position and Capital Resources

The Company's ability to generate sufficient cash to fund its operations and working capital requirements depends entirely upon the ability of the Grapevine business to generate positive cash flow. Grapevine's ability to generate positive cash flow from its business requires it to have revenues in excess of its costs. The table set out below shows Grapevine's revenues and costs for the three years 2017 to 2019 inclusive and the net amount of cash generated by Grapevine which is available to fund other Company expenses. The cash generated by Grapevine and from the interest has not been sufficient to cover the Company's general and administrative expenses and the Company has experienced negative cash flow and negative working capital as shown in the following table.

At June 30, 2020, the Company had working capital of 337,000 after deducting contract liabilities of $203,000.

With respect to the Company's working capital requirements, the quarterly general and administrative expenses of the Company were $80,000 in the second quarter 2020 and $93,000 for the second quarter in 2019**.** The general and administrative expenses in 2020 were substantially all committed and non-discretionary expenses and are representative of the approximate amount of general and administrative expenses which would likely be incurred by the Company in a year in the normal course of business. It is likely that the cash generated by Grapevine will not be sufficient to cover all of the Company's operating expenses. In such event the Company will use its existing cash on hand to fund the deficiency and continue its operations.

Current liabilities were $274,000 at June 30, 2020 ($330,000 at June 30, 2019), and this amount includes $203,000 of contract liabilities which represent the unearned portion of subscription fees collected from customers amortized on a straight – line basis over the remaining life of the contract. Accounts payable and accrued liabilities were $71,000 at June 30, 2020 ($113,000 at December 31, 2019).

The cash and cash equivalents and marketable securities included in working capital was $526,000 at June 30, 2020 ($564,000 at December 31, 2019). Accounts receivable included in working capital were $12,000 at June 30, 2020 ($11,000 at December 31, 2019). Aylen has sufficient cash and cash equivalents to provide liquidity to the Company for the next 12 months.

Analysis of Financial Condition and Financial Performance

The financial condition of the Company is dependent on the performance of Grapevine. In the second quarter ending June 30, 2020 Grapevine's revenues were $146,000 which was a decrease of 3.9% from June 30, 2019 of $151,000.

The majority of Grapevine's customer base resides in the US. The products offered by Grapevine are heavily focused on the human resources sector of businesses and include products such as employee surveys and evaluations. These products represent discretionary, non-critical expenses for most businesses. In difficult economic times, such as the period from 2008 to 2010 in North America, businesses in general often try to reduce discretionary spending as a first measure to survive during the period of reduced demand for their goods and services.

During the quarter there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

While the extent of the impact is unknown, we anticipate this may affect our income with the outbreak causing reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Company's investments.

Related Party Transactions

The following related party transactions occurred and were reflected in the financial statements during the periods ended June 30, 2020 and 2019 as follows:

REMUNERATION OF KEY PERSONNEL

		Six Months June 30,	
		2020	2019
Salaries	$	55,000	$ 55,000
Directors' fees		3,750	3,750
Consulting fees		12,000	12,500
Total	$	70,750	$ 70,750

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company and its subsidiary including the Company's Board of Directors. The Company considers key management to be the members of the Board of Directors and the Chief Executive Officer.

Included in accounts payable and accrued liabilities are directors' fees of $31,075 (December 31, 2019 - $31,075)

Directors Compensation

The following table sets out all compensation payable to directors of the Corporation for their services as directors in the second quarter of 2020.

Name	Fees earned ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Douglas Babcook	1,250	Nil	Nil	Nil	Nil	Nil	1,250
William Hale	1,250	Nil	Nil	Nil	Nil	Nil	1,250
John Pennal	1,250	Nil	Nil	Nil	Nil	Nil	1,250

Commitment

GAI has contracted with a third party to provide operations and sales management services to Grapevine for an annual fee of $103,600 plus applicable taxes. The contract may be terminated by the third party on one (1) months' notice. If GAI terminates the contract it will be liable to pay a termination fee equal to four (4) months compensation under the contract.

Risk Factors and Risk Management

Aylen shareholders and potential investors in Aylen should carefully consider the following risk factors when evaluating Aylen and its common shares.

An investment in Aylen's shares involves a number of risks, many of which are beyond its control. The risks and uncertainties set out below are all of the known risks which are deemed to be material to the Company's business or the results of its operations. When reviewing forward-looking statements and other information contained in this prospectus, investors and others should carefully consider these factors, as well as other uncertainties, potential events and industry-specific factors that may adversely affect the Company's future results. If any of these risks should actually occur, the Company's business, financial condition, results of operations, cash flows and prospects could be harmed. Such risks and uncertainties are not the only ones the Company faces. Additional risks and uncertainties of which the Company is currently unaware or that are deemed immaterial may also adversely affect the Company's business, financial condition, results of operations, cash flows and prospects.

Negative Cash Flows

In prior years the Company has had negative cash flow from operating activities and has had to fund its operations with cash on hand and marketable securities. The Company's cash on hand and marketable securities less liabilities at June 30, 2020 was $251,000.

Operating Liquidity

Grapevine's business is not fully developed and may continue to require additional funding to continue operations or to develop their business plans until they become self-funding. The Company has limited cash resources and is unable to provide any significant amount of additional funding to Grapevine if it should be required. In such an event, if no other source of funding is available, the operations would have to terminate and it would not be possible for the Company to recover its investment. If an additional source of funding is found, it may result in significant dilution of the Company's investment.

Industry Risks

Grapevine is subject to the risks inherent in the industry in which it operates. Grapevine's business is very dependent on the continued demand for on-line surveys and polls by businesses, particularly those surveys and polls relating to employees, and particularly in North America. Its business would be adversely affected by a significant downturn in its particular industry segment or a change in the demand by consumers for its products and services.

Competition

Grapevine faces intense competition, including competition from other companies with greater financial and other resources, and more advanced technological development. There can be no assurance that they will be able to successfully compete against their respective competitors or that such competition will not have a material adverse effect on their businesses, financial condition, results of operations and cash flows.

Effect of General Economic Conditions

Grapevine's results of operations in the period prior to 2020 were adversely affected by the global economic downturn and there is a significant risk that global economic conditions or economic conditions in North America will deteriorate again which will have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. Its products and services represent discretionary expenses to the customers they serve and would be among the most likely expenses to be eliminated if economic conditions deteriorate.

During the quarter there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

While the extent of the impact is unknown, we anticipate this may affect our income with the outbreak causing reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Company's investments.

Currency Fluctuations

The majority of the Company's costs are incurred in Canadian dollars and more than half of its revenues are received in U.S. dollars. A deterioration in the value of the U.S. dollar against the Canadian dollar will have a significant negative effect on the Company's revenues, financial condition, results of operations and cash flows. The Company does not use currency derivatives to hedge against adverse currency fluctuations.

Legal Claims and Other Contingencies

Aylen and Grapevine may become parties to law suits, claims and litigation arising in the ordinary course of business.

Such law suits could result in significant costs and the outcome of such law suits could have a material negative impact on the Company's financial position, operating results, or the Company's ability to continue to carry on its business activities.

Lack of Market for Aylen's Shares

The Company's common shares are listed on the Canadian Securities Exchange (symbol - AYL). The Company's shares are thinly traded and there may not be a liquid market for the shares from time to time and any market price for the shares may not reflect the underlying value of the Company's business and assets.

Critical Accounting Policies and Estimates

See the Company's 2019 Annual MD&A and the 2019 annual consolidated financial statements and the related notes thereto for a discussion of the accounting policies and estimates that are critical to the understanding of the Company's business and results of operations.

Internal Controls

Disclosure controls and procedures

Management of the Company is responsible for establishing and maintaining disclosure controls and procedures for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. The Company as a venture issuer is not required to certify the design and evaluation of the issuer's disclosure controls and procedures.

Internal controls over financial reporting

Management of the Company is responsible for designing internal controls over financial reporting for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. The Company as a venture issuer is not required to certify the design and evaluation of the issuer's internal controls over financial reporting.

International Financial Reporting Standards

The Company's financial statements for the three and six months ended June 30, 2020 and the year ended December 31, 2019 and the comparative information presented in the financial statements have been prepared in accordance with IFRS applicable to the presentation of financial statements.

Future Direction

The Company has revised the sales and marketing approach of its Grapevine business and the Company is striving to return to the revenue levels and growth experienced in previous years. However, the industry in which Grapevine operates is subject to intense competition and it has been difficult to increase revenues in such an environment and COVID-19 has also had a significant negative effect on the revenues of the Grapevine.

Subsequent Events

In the first quarter of 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the U.S., Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by U.S., Canada and other countries to fight the virus.

While the extent of the impact is unknown, the Company anticipates that he COVID-19 outbreak will cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which will negatively impact the Company's business.

Effective July 1, 2020 the Company transferred all of the assets and liabilities of its Grapevine division to its wholly-owned subsidiary, Grapevine Analytics Inc. ("GAI"), in exchange for shares of the subsidiary. Since July 1, 2020 GAI has continued to carry on the Grapevine business formerly carried on as a division of the Company.

On July 15, 2020 the Company entered into a letter of intent to purchase LOC8 Corp. ("LOC8") and on September 2, 2020 entered into an acquisition agreement dated September 2, 2020 (the "Acquisition Agreement") with Loc8 Corp. ("Loc8"), pursuant to which Aylen will acquire all of the issued and outstanding securities of Loc8 (the "Acquisition") in a reverse takeover transaction ("RTO"). In addition, under the Acquisition Agreement, concurrent with the completion of the Acquisition, Aylen will sell to the family of the late John Pennal, Aylen's former Chief Executive Officer, Aylen's wholly-owned subsidiary GAI in exchange for (i) $100 cash, (ii) an Indemnification to Aylen in respect of any taxes, losses or other costs resulting from the sale of GAI, (iii) payment of a dividend to all existing Aylen shareholders of all unencumbered cash held by the Company that is estimated to be $400,000 or $0.022 per share. In addition to the above noted agreements John Pennal agreed to terminate his employment agreement with Aylen and to relinquish all severance and bonus payments to which he would otherwise be entitled. The acquisition agreement is conditional upon approval by the board. An estimate of the financial effect of these transactions cannot be made at this time as the transaction has not been finalized.

In October 2020, 1,785,663 stock options were exercised at an exercise price of $0.01 to $0.02. The total gross proceeds were $23,857.

Outstanding Share Data

The Company has authorized an unlimited number of common shares, an unlimited number of Class A common shares and an unlimited number of preferred shares issuable in series. As at June 30, 2020, there were 16,856,632 common shares issued and outstanding, 1,785,663 options outstanding and there were no Class A common shares and no preferred shares outstanding. As of the date of this MD&A there is 18,642,295 common shares issued and outstanding, nil options outstanding and there are no Class A common shares and no preferred shares outstanding.

Date and Other Available Information

Unless otherwise indicated, the information contained in this MD&A is presented as of November 16, 2020.

Additional information concerning the Company including its regulatory filings may be found on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

AYLEN CAPITAL

Management's Discussion and Analysis

For the year ended December 31, 2019

Overview

The following Management's Discussion and Analysis ("MD&A") provides additional analysis of the operations, financial position and financial performance of Aylen Capital Inc. ("Aylen" or the "Company") for the year ended December 31, 2019. It is supplementary information and should be read in conjunction with the Company's financial statements and accompanying notes for the year ended December 31, 2019. Reference should also be made to the Company's filings with the Canadian securities regulatory authorities that are available at www.sedar.com.

This MD&A is the responsibility of the management. The Board of Directors carries out its responsibility for the review of this disclosure principally through its audit committee which is comprised of a majority of independent directors. The audit committee reviews and, prior to its publication and pursuant to the authority delegated to it by the Board of Directors, approves this disclosure.

Aylen was incorporated on October 28, 2010 under the Canada Business Corporations Act. Aylen carries on a web-based survey and data collection business based in Markham, Ontario under the name Grapevine Solutions ("Grapevine") as an unincorporated division of Aylen.

Aylen is a publicly-traded company listed on the Canadian Securities Exchange under the symbol "AYL".

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Matters may be included in this MD&A that constitute "forward-looking" information within the meaning of Canadian securities law. Such forward-looking statements may be identified by words such as "plans", "proposes", "estimates", "intends", "expects", "believes", "may" or words of a similar nature. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from such statements. Factors that could cause actual results to differ materially include among others, regulatory risks, risk inherent in foreign operations, commodity prices and competition. Most of these factors are outside the control of the Company. All subsequent forward-looking statements attributable to the Company or its agents are expressly qualified in their entirety by these cautionary comments. Except as otherwise required by applicable securities statutes or regulation, the Company expressly disclaims any intent or obligation to update publicly forward-looking information, whether as a result of new information, future events or otherwise.

Overall Performance in the Year 2019

The revenues of the Grapevine business increased 10% in 2019 from 2018, primarily as a result of more effective sales and marketing efforts offsetting the increased competition in the year. This increase was also aided by the continuing discount in the value of the Canadian dollar against the US dollar during the year which had a positive effect on revenues, since a majority of Grapevine's customers are based in the US and are billed in US dollars.

At December 31, 2019, the Company had cash and cash equivalents of $564,000.

The Grapevine Business

Grapevine, which operates as a division of Aylen, was acquired by Centiva Capital Inc. (“Centiva”), the Company’s predecessor, in October 2007 from TriNorth Capital Inc. (“TriNorth”). For accounting purposes, TriNorth’s carrying value for Grapevine was nil and the acquisition of Grapevine was recorded at that carrying value.

Grapevine’s business is based in Markham, Ontario and it consists of licensing and selling web-based survey and data collection software to third parties, most of whom are companies based in North America. Its software is used to perform customizable employee evaluations such as 360º employee evaluations , employee surveys, customer surveys, training surveys, web polls and data collection . The business has three full-time employees and engages consultants to provide software programming and upgrading and design services.

The primary business objectives for Aylen over the next 12 months are to grow the revenues of the Grapevine business through increased sales and marketing efforts and to establish Grapevine as a leading Human Resources online survey firm in North America.

The following is a summary of selected financial information for Grapevine over the past three financial years ended December 31 extracted from the audited financial statements of Aylen.

	2019	**2018**	**2017**
Total Revenues	607,578	560,714	778,357
Contract Liabilities(1)	216,334	293,651	218,106
Selling Expenses	433,757	428,440	458,263

(1) Contract liabilities are unearned subscription fees collected from customers amortized on a straight – line basis over the remaining life of the contract.

Grapevine’s revenues have decreased over the previous two years as a direct result of less effective sales and marketing efforts and increased competition. The increase in sales in 2019 was a result of more effective sales and marketing offsetting the increased competition. The majority of Grapevine’s revenues originate in the US and the majority of Grapevine’s sales are made in US dollars. The weaker Canadian dollar relative to the US dollar during 2019 had a positive impact on Grapevine’s revenues which are recorded in Canadian dollars.

Investments

Leonardo Worldwide Corporation

In November 2018 the Company sold its investment in Leonardo Worldwide Corporation to Jonas Software (the “Purchaser”), an unrelated third party. The proceeds payable to the Company on closing were US $642,000. Two additional amounts of the purchase price payable to the Company in respect the sale were withheld by the Purchaser (the “Holdbacks”). The first Holdback was US$89,000 and was paid to the Company in December, 2019 and the second Holdback is approximately US$57,000 and is payable in December, 2020. The second Holdback may be reduced by the portion attributable to the Company for any claims for indemnification made by the Purchaser.

The Company’s investment in Leonardo was fully written off in 2015. As a result of the sale, the Company recognized a total gain on the sale of the Leonardo shares of $1,023,000, recognized in other income on the statement of income (loss) and comprehensive income (loss) in the financial statements for the year ended December 31, 2018.

Results of Operations

Grapevine had sales revenue of $608,000 and selling expenses of $434,000 for 2019. Sales revenue for 2018 was $561,000 with selling expenses of $428,000. Contract liabilities, which represent unearned subscription fees collected from customers amortized on a straight - line basis over the remaining life of the contract, was $216,000 for 2019 ($294,000 for 2018).

The Company's other primary source of revenue arises from interest and other income from its cash and marketable securities, which for 2019 was $9,000 ($nil for 2018). During 2018 the Company sold its investment in Leonardo Worldwide Corporation. As a result of the sale, the Company recognized a total gain on sale of the Leonardo shares of $1,023,000, recognized in other income on the statement of income (loss) and comprehensive income (loss) in the December 31, 2018 financial statements.

Under the provisions of IAS 39 Financial Instruments – Recognition and Measurement and IAS 32 Financial Instruments –Presentation and IFRS 7 Financial instruments - Disclosure, unrealized mark-to-market gains and losses on the Company’s portfolio of marketable securities held for trading are recognized in computing net income. Such amounts totaled $nil for the year. A gain (loss) of $nil was realized for the year on the sale of marketable securities.

General and administrative expenses were $400,000 for the year. For the year ended December 31, 2018 general and administrative expenses were $385,000. The general and administrative expenses in 2019 was consistent with the general and administrative expenses in 2018.

As a result of the foregoing the Company recorded a net loss and comprehensive loss before taxes of $214,000 ($0.013 per share) for the 2019 year (net income and comprehensive income of $740,000 ($0.044 per share) for 2018).

Under the provisions of IAS1 - Presentation of financial statements, IFRS7 Financial Instruments – Disclosure, IAS 32 – Financial Instruments – presentation, IAS 39 Financial Instruments- recognition and measurement, unrealized gains and losses on the Company’s publicly-traded investments available for sale are recognized in other comprehensive income, net of taxes. There is no other comprehensive income in the current period and for the year.

Summary of Quarterly Information

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Revenue								
Sales	134,423	143,635	151,423	187,023	127,737	159,189	132,403	141,385
Interest and other income	2,010	2,603	2,969	1,445	31	-	34	292
Realized gain on sale of shares in private company and other income	-	-	-	-	1,022,622	-	-	-
Gain (loss), realized and unrealized, on marketable securities	-	-	-	-	-	-	(96)	(810)
Net Comprehensive Income (Loss)	(145,338)	(8,995)	(36,979)	(22,911)	908,157	(52,166)	(65,928)	(54,470)
Per Share	(0.009)	(0.001)	(0.002)	(0.001)	0.053	(0.003)	(0.004)	(0.003)
Per Share dilute	(0.009)	(0.001)	(0.002)	(0.001)	0.051	(0.003)	(0.004)	(0.003)

Revenues at Grapevine are subject to the influences of North American economic conditions and are also subject to some seasonal fluctuations. The demand for Grapevine's product offerings, which consist primarily of surveys and polls for businesses, including employee surveys and evaluations, is directly affected by economic conditions generally. In difficult economic times such as the period from 2008 to 2010 and disruption caused by the corona virus pandemic in the first quarter of 2020, businesses tend to reduce discretionary spending, which would include Grapevine's products and conversely in more robust economic times spending on discretionary items tends to increase. In addition there is a limited amount of seasonality to Grapevine's revenues. In previous years, businesses tend to conduct the majority of employee surveys and polls at or towards the end of the calendar year and sales tend to slow down in the summer months due to vacations. As a result Grapevine's sales historically have been somewhat stronger in the fourth and first quarters and have tended to be somewhat softer in the second and third quarters.

Liquidity and Financial Position and Capital Resources

The Company's ability to generate sufficient cash to fund its operations and working capital requirements depends upon the following factors: (i) the ability of the Grapevine business to generate positive cash flow, and (ii) the interest, other income and proceeds, if any, from the sales of the Company's portfolio of marketable securities. Grapevine's ability to generate positive cash flow from its business requires it to have revenues in excess of its costs. The table set out below shows Grapevine's revenues and costs for the three years 2017 to 2019 inclusive and the net amount of cash generated by Grapevine and the portfolio of marketable securities which is available to fund other Company expenses. The cash generated by Grapevine and from the interest and gains from the portfolio of marketable securities has not been sufficient to cover the Company's general and administrative expenses and in 2017 and 2019 the Company has experienced negative cash flow and negative working capital as shown in the following table.

Summary of Cash Flow and Working Capital

	2019	2018	2017
Grapevine revenues	607,578	560,714	778,357
Grapevine costs (selling expenses)	433,757	428,440	458,263
Interest, other income	9,027	357	4,424
Net amount of cash available to fund other Company expenses	182,846	132,631	324,518
Proceeds from sale of marketable securities, net of purchase and proceeds from sale of investment	nil	852,113	20,539
Company's working capital	329,531	488,203	(217,739)

At December 31, 2019, the Company had working capital of $546,000 after deducting contract liabilities of $216,000. In 2018 the Company had a working capital after deducting contract liabilities of 782,000.

With respect to the Company's working capital requirements, the general and administrative expenses of the Company were $400,000 in 2019 which was an increase over the $385,000 in general and administrative expenses for 2018**.** The general and administrative expenses in 2019 are substantially all committed and non-discretionary expenses and are representative of the approximate amount of general and administrative expenses which would likely be incurred by the Company in a year in the normal course of business.

Current liabilities were $330,000 at December 31, 2019, and this amount includes $216,000 of contract liabilities which represents the unearned portion of subscription fees collected from customers amortized on a straight – line basis over the remaining life of the contract. Accounts payable and accrued liabilities were $113,000 at December 31, 2019.

Accounts receivable included in working capital were $11,000 at December 31, 2019. Aylen has sufficient cash and cash equivalents to provide liquidity to the Company for the next 12 months.

The cash and cash equivalents and the income, if any, from the operations of Grapevine, are used to fund Aylen's financial requirements.

Analysis of Financial Condition and Financial Performance

The financial condition of the Company is directly dependent on the performance of Grapevine. In 2019 Grapevine's revenues were $608,000 which was an increase of 8% over the previous year.
The majority of Grapevine's customers reside in the US. The products offered by Grapevine are heavily focused on the human resources sector of businesses and include products such as employee surveys and evaluations. These products represent discretionary, non-critical expenses for most businesses.

The increase in sales in 2019 over 2018 was primarily a result of a more effective sales and marketing effort, a positive foreign exchange rate change with the US$.

Related Party Transactions

The following related party transactions occurred and were reflected in the financial statements during the years ended December 31, 2019 and 2018 as follows:

		Years Ended December 31,		
		2019		2018
Legal fees paid to a firm of which the CEO was counsel	$	nil	$	7,005

Legal fees paid to a firm of which the CEO was counsel was $7,005 in 2018. As of January 1, 2019 the law firm was not considered a related party.

Remuneration of key management

		Years Ended December 31,		
		2019		2018
Salaries	$	252,500	$	220,000
Directors' fees	$	22,500		15,000
Consulting fees	$	48,000		62,500
Stock options	$			8,703
Total	$	323,000	$	304,463

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company and its subsidiary including the Company's Board of Directors. The Company considers key management to be the members of the Board of Directors and the Chief Executive Officer.

Included in accounts payable and accrued liabilities are management fees of $31,075, directors' fees of $nil and consulting fees of $nil (December 31, 2018 - $nil and $2,168) and legal fees of as at December 31, 2018 - $1,158 due to a firm of which the CEO was counsel prior to January 1, 2019.

During the year ended December 31, 2018, the Company received a secured line of credit totaling $70,000 from the President and CEO. As a result, interest of $2,004 and additional fees of $7,369 were paid to the President and CEO. As at December 31, 2018 and 2019, all amounts were repaid by the Company.

Analysis of Fourth Quarter

The economy in North America, particularly in the US where the majority of Grapevine's customers are based, was largely unchanged in the fourth quarter of 2019. Revenues of Grapevine for the three months ended December 31, 2019 were $134,000 ($128,000 for the same period in 2018). Selling expenses were $143,000 in the fourth quarter compared with $112,000 in the fourth quarter of 2018. Contract liabilities, which are unearned subscription fees collected from customers amortized on a straight – line basis over the remaining life of the contract, were $218,000 at the end of the fourth quarter of 2019 ($294,000 for the same period in 2018).

The Company's other primary source of revenue arises from interest and other income which for the fourth quarter of 2019 was $2,010.

Under the provisions of IAS 39 Financial Instruments – Recognition and Measurement and IAS 32 Financial Instruments – Presentation and IFRS 7 Financial instruments - Disclosure, unrealized mark-to-market gains and losses on the Company's portfolio of marketable securities held for trading are recognized in computing net income. Such amounts totalled an unrealized loss of $nil in the fourth quarter of 2019.

General and administrative expenses totalled $132,000 for the fourth quarter of 2019 ($88,000 for the same period in 2019).

Under the provisions of IAS1 - Presentation of financial statements, IFRS 7 Financial Instruments – Disclosure, IAS 32 – Financial Instruments – presentation, IAS 39 Financial Instruments- recognition and measurement, unrealized gains and losses on the Company's publicly-traded investments available for sale are recognized in other comprehensive income, net of taxes. There is no other comprehensive income in the fourth quarter and in the year.

As a result of the foregoing the Company recorded a net loss and comprehensive loss of $145,000 ($0.009 per share) for the fourth quarter of 2019 (net income and comprehensive income of $908,000 ($0.053 per share) for the fourth quarter of 2018).

Directors and Officers Compensation

The following table sets out all compensation payable to directors of the Corporation for their services as directors in the year ended December 31, 2019.

Name	Fees earned ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Douglas Babcook	7,500	Nil	Nil	Nil	Nil	Nil	7,500
William Hale	7,500	Nil	Nil	Nil	Nil	Nil	7,500
John Pennal	7,500	Nil	Nil	Nil	Nil	Nil	7,500

Commitment

The Company has contracted with a third party to provide operations and sales management services to Grapevine for an annual fee of $103,600 plus applicable taxes. The contract may be terminated by the third party on (1) one month's notice. The contract may be terminated by the Company on four (4) months' notice.

Risk Factors and Risk Management

Aylen shareholders and potential investors in Aylen should carefully consider the following risk factors when evaluating Aylen and its common shares.

An investment in Aylen's shares involves a number of risks, many of which are beyond its control. The risks and uncertainties set out below are all of the known risks which are deemed to be material to the Company's business or the results of its operations. When reviewing forward-looking statements and other information contained in this prospectus, investors and others should carefully consider these factors, as well as other uncertainties, potential events and industry-specific factors that may adversely affect the Company's future results. If any of these risks should actually occur, the Company's business, financial condition, results of operations, cash flows and prospects could be harmed. Such risks and uncertainties are not the only ones the Company faces. Additional risks and uncertainties of which the Company is currently unaware or that are deemed immaterial may also adversely affect the Company's business, financial condition, results of operations, cash flows and prospects.

Negative Cash Flows

The Company has had negative cash flow from its operating activities and, as a result, it has had to fund its operations with cash and cash equilivants. The Company's cash and cash equilivants as at December 31, 2019 was $564,000.

Lack of Diversification of Investments

Due to the small size of the Company and the fact that it has only the Grapevine business, the Company is subject to a greater risk of a downturn in that industry than it would be if it had a diversified portfolio of investments. A concentration of the Company's invested funds in its Grapevine business means that in the event that such business is unsuccessful or experiences a downturn, this will have a direct material adverse effect on the Company's business, results from operations, and financial condition. It also means that the Company is more exposed to business cycles than it would be if it owned a larger number of investments which were diversified over various industries with differing business cycles in different geographic areas.

Industry Risks

The Grapevine business is subject to the risks inherent in the industry in which it operates. Grapevine's business is very dependent on the continued demand for on-line surveys and polls by businesses, particularly those surveys and polls relating to employees, and particularly in North America. Its business would be adversely affected by a significant downturn in its particular industry segment or a change in the demand by consumers for its products and services.

Competition

Grapevine faces intense competition, including competition from other companies with greater financial and other resources, and more advanced technological development. There can be no assurance that Grapevine will be able to successfully compete against its competitors or that such competition will not have a material adverse effect on its business, financial condition, results of operations and cash flow.

Effect of General Economic Conditions and COVID-19 Pandemic

Grapevine's results of operations in the period prior to 2010 were adversely affected by the global economic downturn and there is a significant risk that global economic conditions or economic conditions in North America will deteriorate again which will have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. Its products and services represent discretionary expenses to the customers they serve and would be among the most likely expenses to be eliminated if economic conditions deteriorate.

The economic disruption in the world caused by the corona virus pandemic known as COVID-19 which began in the first quarter of 2020 will have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Currency Fluctuations

The majority of the Company's costs are incurred in Canadian dollars and more than half of its revenues are received in U.S. dollars. A deterioration in the value of the U.S. dollar against the Canadian dollar will have a significant negative effect on the Company's revenues, financial condition, results of operations and cash flows. The Company does not use currency derivatives to hedge against adverse currency fluctuations.

Legal Claims and Other Contingencies

Aylen and Grapevine may become parties to law suits, claims and litigation arising in the ordinary course of business.

Such law suits could result in significant costs and the outcome of such law suits could have a material negative impact on the Company's financial position, operating results, or the Company's ability to continue to carry on its business activities.

Lack of Market for Aylen's Shares

The Company's common shares are listed on the Canadian Securities Exchange. The Company's shares are thinly traded and there may not be a liquid market for the shares from time to time and any market price for the shares may not reflect the underlying value of the Company's business and assets.

Internal Controls

Disclosure controls and procedures

Management of the Company is responsible for establishing and maintaining disclosure controls and procedures for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. The Company as a venture issuer is not required to certify the design and evaluation of the issuer's disclosure controls and procedures.

Internal controls over financial reporting

Management of the Company is responsible for designing internal controls over financial reporting for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. The Company as a venture issuer is not required to certify the design and evaluation of the issuer's internal controls over financial reporting.

International Financial Reporting Standards

The Company's financial statements for the year ended December 31, 2019 and the comparative information presented in the financial statements for the year ended December 31, 2018 have been prepared in accordance with IFRS applicable to the presentation of financial statements.

Accounting standards and amendments issued but not yet applied

The International Accounting Standards Board ("IASB") has issued the following accounting standards which have not yet been adopted by the Company:

Amendment to IFRS 3 – Business Combinations
On October 22, 2018, the IASB issued Definition of a Business (Amendments to IFRS 3: Business Combinations). The amendments to IFRS 3 are applicable for acquisitions occurring on or after January 1, 2020 and are adopted prospectively. These amendments to the implementation guidance of IFRS 3 clarify the definition of a business to assist entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. The amendments to IFRS 3 – Business Combinations may affect whether future acquisitions are accounted for as business combinations or asset acquisitions, along with the resulting allocation of the purchase price between the net identifiable assets acquired and goodwill. The Company does not expect any impact to the consolidated financial statements as a result of its adoption of the amendments to IFRS 3 on its acquisitions completed subsequent to year-end.

Future Direction

The Company's main objective is to grow the revenues of its Grapevine business but this may require the investment of significant additional capital.

Outstanding Share Data

The Company has authorized an unlimited number of common shares, an unlimited number of Class A common shares and an unlimited number of preferred shares issuable in series. As at the date of this MD&A, and as at December 31, 2019 and December 31, 2018, there were 16,856,632 common shares issued and outstanding and there were no Class A common shares and no preferred shares outstanding.

Date and Other Available Information

Unless otherwise indicated, the information contained in this MD&A is as of May 28, 2020.
Additional information concerning the Company including its regulatory filings may be found on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

SCHEDULE "C"
FINANCIAL STATEMENTS OF LOC8

LOC8 CORP.

Financial Statements
June 30, 2020

(Expressed in Canadian Dollars)

LOC8 CORP.

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HARBOURSIDE
CPAS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Loc 8 Corp.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Loc 8 Corp. (the "Company"), which comprise the statement of financial position as at June 30, 2020, and the statement of loss and comprehensive loss, statement of changes in shareholders' equity and statement of cash flows for the period from incorporation on September 4, 2019 to June 30, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020, and its financial performance and its cash flows for the period from incorporation on September 4, 2019 to June 30, 2020 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and the Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, included in Management's Discussion and Analysis report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

t 604.688.7227
f 604.681.7716
harboursidecpa.com
SUITE 1140–1185
WEST GEORGIA STREET,
VANCOUVER, BC V6E 4E6

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mickey Goldstein.

Vancouver, British Columbia
November 13, 2020

Harbourside CPA LLP
Chartered Professional Accountants

Loc8 Corp.
Statement of Financial Position
As at June 30, 2020
(in Canadian dollars)

ASSETS		
CURRENT		
Cash	$	560,900
Restricted cash (Note 3)		642,000
		1,202,900
Intangible assets (Note 4)		1,897,178
TOTAL ASSETS	$	3,100,078
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	$	40,354
TOTAL LIABILITIES		40,354
SHAREHOLDERS' EQUITY		
Share capital (Note 5)		2,940,601
Share subscriptions (Note 5)		642,000
Accumulated deficit		(522,877)
TOTAL SHAREHOLDERS' EQUITY	$	3,059,724
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	3,100,078

Organization and nature of operations (Note 1)
Basis of presentation and going concern (Note 2)
Subsequent events (Note 10)

Approved on behalf of the Board of Directors:

Signed: Rahul Kushwah, CEO and Director

Signed: Sheldon Kales, Director

The accompanying notes are an integral part of these financial statements

Loc8 Corp.
Statement of Loss and Comprehensive Loss
For the period from incorporation on September 4, 2019 to June 30, 2020
(in Canadian dollars)

Expenses		
Amortization of intangible assets	**$**	247,822
Audit fees		25,000
Consulting fees (Note 6)		48,022
Legal fees		55,534
Management fees (Note 6)		111,960
Marketing expenses (Note 6)		10,000
Professional fees		10,749
Research and development (Note 6)		8,000
Travel, entertainment, and related		5,790
Loss and comprehensive loss	**$**	(522,877)
Loss per share - Basic and Diluted	**$**	(0.007)
Weighted average number of common shares outstanding - Basic and Diluted		78,947,417

The accompanying notes are an integral part of these financial statements

Loc8 Corp.
Statement of Changes in Shareholders' Equity
For the period from incorporation on September 4, 2019 to June 30, 2020
(in Canadian dollars)

	Number of common shares outstanding	Share capital	Share subscriptions	Deficit	Total
Seed shares issued for cash	11,550,000	$ 1	$ -	$ -	$ 1
Assignment of Intellectual Property	63,450,000	2,145,000	-	-	2,145,000
Private placements	8,575,000	857,500	-	-	857,500
Share issuance costs	-	(61,900)	-	-	(61,900)
Share subscriptions	-	-	642,000	-	642,000
Net loss for the period	-	-	-	(522,877)	(522,877)
Balance as at June 30, 2020	83,575,000	$ 2,940,601	$ 642,000	$ (522,877)	$ 3,059,724

The accompanying notes are an integral part of these financial statements

Loc8 Corp.
Statement of Cash Flows
For the period from incorporation on September 4, 2019 to June 30, 2020
(in Canadian dollars)

OPERATING ACTIVITIES		
Net loss	$	(522,877)
Non-cash items included in net loss and other adjustments:		
Amortization of intangible assets		247,822
Changes in non-cash working capital:		
Accounts payable and accrued liabilities		40,354
CASH USED IN OPERATING ACTIVITIES		**(234,701)**
INVESTING ACTIVITIES		
Restricted cash		(642,000)
CASH USED IN INVESTING ACTIVITIES		**(642,000)**
FINANCING ACTIVITIES		
Issuance of share capital for cash		857,501
Share issuance costs		(61,900)
Share subscriptions received		642,000
CASH PROVIDED BY FINANCING ACTIVITIES		**1,437,601**
NET CHANGE IN CASH DURING THE PERIOD		**560,900**
CASH, BEGINNING OF PERIOD		-
CASH, END OF PERIOD	$	**560,900**
Cash paid for interest and income taxes	$	-

Non-cash transactions

During the period, the Company issued 21,450,000 common shares fair valued at $2,145,000 to acquire the intangible assets.

The accompanying notes are an integral part of these financial statements

1. Organization and Nature of Operations

Loc8 Corp. (the "Company") leverages Artificial Intelligence to create robust location intelligence solutions for transforming existing location data into business outcomes. Location data can be anything from addresses and latitude/longitude coordinates, buildings, monuments or alike and when this data is correlated with internal business data, it creates business context to improve decision making backed by data driven analytics.

The Company was incorporated under the laws of the province of Ontario on September 4, 2019.

On September 9, 2019 the Company issued 63,450,000 common shares to Algo8 AI Private Limited, a company incorporated in India and its associates including their designates, being the fair value consideration for the assignment of Intellectual Property relating to development and creation of the work product related to geospatial artificial intelligence for enterprises.

The Company's corporate head office is located at 77 King Street W, Suite 3000, Toronto, Ontario, Canada, M5K 1G8.

The Board of Directors of the Company authorized these financial statements for issuance on November 13, 2020.

2. Basis of Presentation and Going Concern

Basis of Preparation

These financial statements have been prepared on the historical cost basis except for financial instruments recorded at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company is the Canadian dollar, which is also the Company's reporting currency.

Statement of Compliance

The financial statements have been prepared in accordance with International Accounting Standards ("IAS") 1, "Presentation of Financial Statements" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

2. Basis of Presentation and Going Concern (Cont'd)

Going Concern Assumption

These financial statements have been prepared using IFRS on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business, for the next fiscal year. At June 30, 2020, the Company had cash of $560,900, restricted cash of $642,000, working capital of $1,162,546 and an accumulated deficit of $522,878. The continuing operations of the Company are dependent on funding provided by equity investors. The Company intends to finance its future requirements through a combination of equity and/or debt issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms.

Since February 29, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

This uncertainty may cast significant doubt about the ability of the Company to continue as a going concern. These financial statements do not include any adjustments to the carrying value or presentation of assets or liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

Significant Accounting Judgments and Estimates

The preparation of these financial statements in compliance with IFRS requires management to make certain critical accounting estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, shareholders' equity, and the disclosure of contingent assets and liabilities, as at the date of the financial statements, and expenses for the period reported.

Critical Judgements

The preparation of these financial statements requires management to make judgements regarding the going concern of the Company (discussed above), as well as the determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency for the Company has been determined to be the Canadian dollar.

2. Basis of Presentation and Going Concern (Cont'd)

Significant Accounting Judgments and Estimates (Cont'd)

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant.

Significant estimates made by management affecting the financial statements include:

Deferred tax assets & liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Useful life of intangible assets

The intangible asset is depreciated over its estimated useful life. Estimated useful lives are determined based on current facts and past experience and takes into consideration the anticipated life of the asset, the potential for technological obsolescence, and regulations.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Cash

Cash comprises of cash held in trust. The Company does not invest in any asset-backed deposits or investments.

3. Significant Accounting Policies (Cont'd)

Restricted Cash

Restricted cash represents cash held in escrow until the completion of the Going Public Transaction, which refers to (i) an initial public offering by the Corporation; (ii) completion of a qualifying transaction with a Capital Pool Company on the TSX Venture Exchange; (iii) a merger, amalgamation, reorganization, consolidation or plan of arrangement of the Corporation with a reporting issuer in Canada or a reporting company in the United States or a public entity in a jurisdiction outside of Canada and the United States) on terms determined by the board of directors of the Corporation.

Income taxes

Income tax on profit or loss for the period comprises of current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the period, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax paid or payable in respect of previous periods.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of the enactment or substantive enactment of the change. Deferred tax assets and liabilities are presented separately except where there is a right of set-off within fiscal jurisdictions.

Loss per share

Loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Research and development expenditures

The application of the Company's accounting policy for research and development expenditures requires judgment in determining whether an activity is determined to be research or development, and if deemed to be development, whether it is probable that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If new information becomes available indicating that it is unlikely that future economic benefits will flow to the Company, the amount capitalized is written off to profit or loss in the period the new information becomes available.

3. Significant Accounting Policies (Cont'd)

Intangible assets

Intangible assets include technology acquired by the Company and have finite useful lives measured at cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred. Amortization is recorded using the straight-line method and is intended to amortize the cost of the assets over their estimated useful lives as follows:

Intellectual property	7 years straight line

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

3. Significant Accounting Policies (Cont'd)

Financial Instruments

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

The following is the Company's accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of loss and comprehensive loss in the period in which they arise.

Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

3. Significant Accounting Policies (Cont'd)

Financial Instruments (Cont'd)

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

The Company's financial assets and liabilities are recorded and measured as follows:

Asset or Liability	Category	Measurement
Cash	FVTPL	Fair value
Restricted cash	FVTPL	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

3. Significant Accounting Policies (Cont'd)

Financial Instruments (Cont'd)

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash has been measured at fair value using Level 1 inputs.

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in a separate line item. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3. Significant Accounting Policies (Cont'd)

Financial Instruments (Cont'd)

New Accounting standards applied

IFRS 16 *Leases*

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The impact of this new standard did not result in any additional assets or liabilities to be recorded as the Company does not have any leases.

(in Canadian dollars)

4. Intangible assets

On September 9, 2019, the Company issued 63,450,000 common shares with a fair value price of $0.0338 per common share for a total fair value consideration of $2,145,000, issued to Algo8 AI Private Limited, a Company incorporated in India and its associates including their designates, being the purchase and assignment of Intellectual Property comprising of development and creation of the work product related to geospatial artificial intelligence for enterprises. The issuance of shares is being recorded as an asset acquisition. This intellectual property amount of $2,145,000 is estimated to have a useful life of 7 years and is being amortized on a straight-line basis.

		Intellectual Property
Cost:		
Balance as at September 4, 2019	$	-
Additions		2,145,000
Balance as at June 30, 2020	$	2,145,000
Accumulated amortization:		
Balance as at September 4, 2019	$	-
Amortization		247,822
Balance as at June 30, 2020	$	247,822
Net book value:		
At June 30, 2020	$	**1,897,178**

5. Capital Stock

The Company is authorized to issue the following shares:

- Unlimited number of common shares

a) Common shares

The holders of common shares are entitled to receive dividends which are declared from time to time and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

At June 30, 2020, the Company has 83,575,000 common shares issued and outstanding.

b) Share issuances

<u>During the period ended June 30, 2020</u>

- On September 4, 2019, the Company issued 11,550,000 common shares, as founders' shares, for $1.
- On September 9, 2019, the Company issued 63,450,000 common shares for assignment of Intellectual Property valued at $2,145,000 (Note 4).
- On January 30, 2020, the Company issued 8,325,000 common shares at $0.10 per share in private placements and raised $832,500.
- On April 21, 2020, the Company issued 250,000 common shares at $0.10 per share in private placements and raised $25,000.

In conjunction with the above private placements, the Company incurred cash share issuance costs of $61,900.

c) Share subscription

As of June 30, 2020, the Company had received cash in escrow for $642,000, being subscription for 2,140,000 common shares at $0.30 per share. Subscription funds represents cash held in escrow until the completion of the Going Public Transaction which refers to (i) an initial public offering by the Corporation; (ii) completion of a qualifying transaction with a Capital Pool Company on the TSX Venture Exchange; (iii) a merger, amalgamation, reorganization, consolidation or plan of arrangement of the Corporation with a reporting issuer in Canada or a reporting company in the United States or a public entity in a jurisdiction outside of Canada and the United States) on terms determined by the board of directors of the Corporation (Note 10).

(in Canadian dollars)

6. Related Party Transactions

Related parties include key management personnel, the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Key management of the Company are members of the Board of Directors, the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and the Chief Technology Officer ("CTO").

Transactions with key management personnel not disclosed elsewhere in the financial statements include the following:

		June 30, 2020
Management fees to the Executive Chairman	$	45,200
Management fees to the CEO		58,760
Management fees to the CFO		8,000
Research and development fees to a company in which the CTO and director of the Company is also a director		8,000
Marketing fees to a company controlled by a child of the Executive Chairman		10,000
Consulting fees to a company controlled by a child of the Executive Chairman		2,500
	$	132,460

At June 30, 2020, there was $333 due to the CEO, $8,000 due to the CFO, and $2,500 due to a child of the Executive Chairman included in accounts payable and accrued liabilities.

7. Financial Instruments

The fair value of the Company's accrued liabilities approximates carrying value, due to their short-term nature. The Company's cash and restricted cash is measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities.

Financial risk management and objectives

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate risk, foreign currency risk, and commodity price risk).

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flows primarily from its financing activities.

The Company manages its liquidity needs by carefully monitoring scheduled costs. Liquidity is measured in various time bands, on day to day and week-to-week basis, as well as on long term liquidity needs over 180 day to 360 day look out periods. Funding for long term liquidity needs is based on the ability of the Company to successfully complete private placements.

As at June 30, 2020, the Company had sufficient cash of $560,900 to settle current liabilities of $40,354.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices, and foreign exchange rates.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

(in Canadian dollars)

7. Financial Instruments (Cont'd)

(b) Price risk

The Company is not exposed to significant price risk as it does not possess investments in publicly traded securities.

(c) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument denominated in a foreign currency will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant currency risk as it is not actively dealing in foreign currency.

8. Capital Management

The Company considers its capital to be shareholders' equity, which is comprised of share capital and deficit, which as at June 30, 2020 totaled $3,059,724. The Company's capital structure is adjusted based on the funds available to the Company such that it may continue to seek new opportunities. The Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business.

The sources of future funds presently available to the Company are through the sale of equity capital of the Company. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions.

9. Income Taxes

The following is a reconciliation of income taxes attributable to operations computed at the statutory tax rates to income tax recovery.

		June 30, 2020
Loss for the period	$	(522,877)
Tax rate		26.5%
Expected income tax recoverable at statutory rate		(138,562)
Non-deductible items		723
Share issuance costs		(16,404)
Change in unrecognized deductible temporary differences		154,243
Total income tax recovery	$	-

(in Canadian dollars)

9. Income Taxes (Cont'd)

Deferred tax assets

The tax effects of temporary differences that give rise to deferred income tax assets are as follows:

		June 30, 2020
Non-capital losses available for future period	$	75,447
Share issuance costs		13,123
Intangible assets		65,673
Total deferred tax assets		154,243
Less: Unrecognized deferred tax assets		(154,243)
Net deferred tax assets	$	-

The significant components of the Company's unrecognized deferred tax assets are as follows:

		June 30, 2020	Expiry Date
Non-capital losses	$	284,707	2040
Share issuance costs	$	49,520	2040 – 2044
Intangible assets	$	247,822	No expiry date

Tax attributes are subject to review and potential adjustment by tax authorities.

10. Subsequent Events

Subscription for Shares

Subsequent to the period-end and up to the date of this report the Company has received an additional $643,350 cash in escrow being subscription for 2,169,000 common shares at $0.30 per share less commission fees of $7,350 for the go-public transaction (see Note 5(c)).

Merger Transaction

Effective September 2, 2020, the Company entered into a reverse take-over agreement (the "Acquisition agreement"), with Aylen Capital Inc. ("Aylen") pursuant to which Aylen will acquire all of the issued and outstanding securities of the Company, as more particularly described below.

Pursuant to the Acquisition Agreement, Aylen will consolidate its issued and outstanding shares on a one (1) new share for four (4) old share basis (the "Consolidation").

10. Subsequent Events (Cont'd)

Merger Transaction (Cont'd)

Immediately following the Consolidation, Aylen will acquire all of the issued and outstanding securities of the Company from the Company's securityholders. Each shareholder of the Company will receive one (1) Aylen common share for each common share of the Company held. The Company will also issue 700,000 common shares as a finder's fees in connection with the completion of the Transaction. Upon completion of the Transaction, the resultant Company will change its name to "DeepSpatial Inc.", or such other name as may be determined. The combined entity (the "Resulting Issuer") will continue the business of the Company.

The Transaction is conditional upon, among other things:

(i) The representations and warranties of each of Aylen and the Company, as set out in the Acquisition Agreement, being true and correct in all material respects at the closing of the Transaction;
(ii) The absence of any material adverse change in the business of each of the parties;
(iii) The parties receiving all requisite regulatory approval, including the approval of the Exchange, and any third-party approvals and authorizations;
(iv) The Company and Aylen obtaining the requisite shareholder approvals for the Transaction; and
(v) The Company completing a private placement financing for minimum aggregate gross proceeds of not less than $1,000,000 at $0.30 per share.

SCHEDULE "D"
MD&A OF LOC8

LOC8 CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

For the period September 4, 2019 to June 30, 2020

LOC8 CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

For the period September 4, 2019 to June 30, 2020

(Information as at November 13, 2020 unless otherwise noted)

Introduction

Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Loc8 Corp. (the "Company") financial statements for the period September 4, 2019 to June 30, 2020. This MD&A should be read in conjunction with the financial statements of the Company and the notes thereto for the period ended June 30, 2020. The effective date of this report is November , 2020. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless expressly stated otherwise, all financial information is presented in Canadian dollars. This MD&A contains certain forward-looking information and involves risks and uncertainties, including but not limited to, those described in the "Risk Factors" section.

Forward-Looking Statements

Certain statements contained in the following MD&A constitute forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements may include statements regarding work programs, capital expenditures, timelines, strategic plans, market price of commodities or other statements that are not statement of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in disputes and litigation, fluctuations in commodity prices and currency exchange rates; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and economic return; the need for cooperation of government agencies; the need to obtain additional financing and uncertainty as to the availability and terms of future financing; uncertainty related to the completion of the amalgamation.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward- looking statements contained herein are as of June 30, 2020 and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements in this MD&A include, but are not limited to, information or statements concerning our expectations regarding the ability to raise additional funds, results of the research and development performed in relation to the products and services of the Company, positive result due to the change in business model, possibility of entering into strategic alliance, distribution agreements and other arrangements to market their products and services and possibility of producing viable products through the use of the new technologies purchased and developed.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and factors including: the possibility that opportunities will arise that require more cash than the Company has or can reasonably obtain; dependence on key personnel; dependence on corporate collaborations; potential delays; uncertainties related to early stage of technology and product development; uncertainties as to fluctuation of the stock market; uncertainties as to future expense levels and the possibility of unanticipated costs or expenses or cost overruns; and other risks and uncertainties which may not be described herein. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

CORPORATE OVERVIEW

The Company was incorporated under the laws of the province of Ontario on September 4, 2019.

On September 9, 2019 the Company issued 63,450,000 common shares to Algo8 AI Private Limited, a company incorporated in India and its associates including their designates, being the fair value consideration for the assignment of Intellectual Property relating to development and creation of the work product related to geospatial artificial intelligence for enterprises. The Company leverages Artificial Intelligence to create robust location intelligence solutions for transforming existing location data into business outcomes. Location data can be anything from addresses and latitude/longitude coordinates, buildings, monuments or alike and when this data is correlated with internal business data, it creates business context to improve decision making backed by data driven analytics.

The Company’s corporate head office is located at 77 King Street W, Suite 3000, Toronto, Ontario, Canada, M5K 1G8.

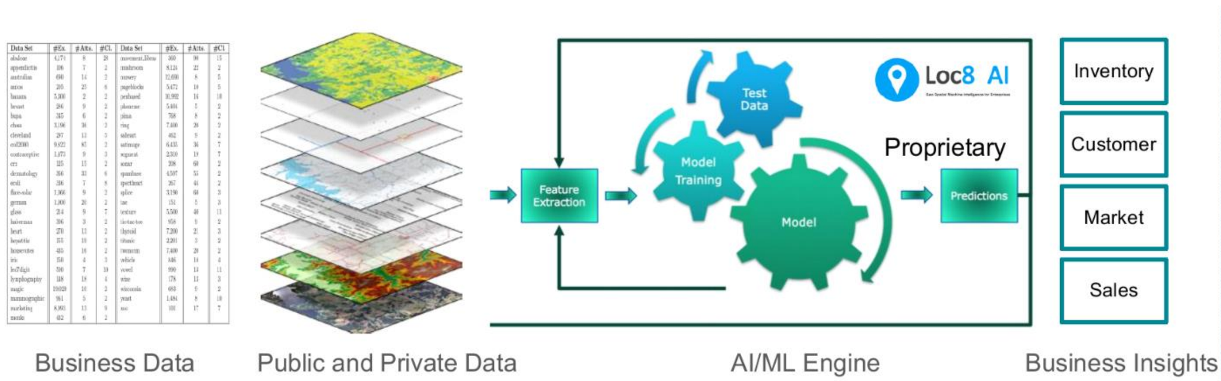
Extensive User Research has gone into the development of Loc8. Loc8 comes from actual validation of client pain points and the value proposition would substantially improvise planning, resource allocation, and decision-making – predicting the surge in demand and supply, identifying the prospects of high and low margin, multiplying supply chain efficiency, and optimizing service delivery. The scope of Loc8 is simply endless.We bring to the customers the power of AI and GIS as a SaaS product.

The Company’s corporate head office is located at 77 King Street W, Suite 3000, Toronto, Ontario, Canada, M5K 1G8.

Loc8 is an artificial intelligence technology company that provides business insight to enterprises using geospatial information. The unique insights that location intelligence can provide is one of the many reasons that this type of analytics is considered essential for many businesses, including those selling a particular products or service. Accordingly, businesses have come to rely on accurate location data and mobility information to help it optimize its distribution, plan site selection and extract market insights. The challenge frequently faced, is how to apply this in a meaningful way.

Loc8's unique technology unites business data with business operations to help it understand: (1) customer personas (to distinguish and classify personalized product preferences and SKU relativity); (2) predict inventory consumption and link it to effective supply chains and warehouse planning; (3) expand its market by locating potential customers analogous to its already existing clientele; and (4) to promote targeted pricing and discount strategies on a geospatial basis. Its technology helps businesses better understand important questions including: who a company's customers are, how it can more effectively manage inventory and where to open new locations or expand.

The following chart highlights the four steps involved in Loc8's business solution:



1. Collect business data: **including SKU (Stock Keeping Unit) level, inventory levels and other business key performance indicators (KPIs).**

2. Collect public and private data: Loc8's artificial algorithms **uses** location context data (though various map engines) as well as public, proprietary and dynamic data in order to arrive at its insights. The company's pre-built algorithms customize this data in order to generate a unique geospatial algorithm for its clients that is used to optimize their business.

3. Utilize artificial intelligence and machine learning **engine to: arrive at future data sets (which are used as pre usage data sets); geospatially stitch information together to allow the automatic geocoding and display of such data; and apply its machine learning algorithms to arrive at various features important to a particular business and develop alongside the business.**

4. Provide business insights to help understand:

   - WHO:
     - are the customers that a particular business should target?
     - are the most active on social media?
     - should we be focusing our business efforts towards?
   - WHEN:
     - is the best time to launch a product or service?

    - is the best time to expand?
    - is the best time to scale back?
    - should a business allocate resources to a specific initiative?
- WHERE:
    - is the most profitable place to expand?
    - should a business open a new location?
    - should a business keep its warehouse/office?
    - should a business target its marketing and spending?
    - should a company increase/decrease its presence?
- HOW:
    - can a business/brand better connect with people?
    - can a business optimize its inventory and/or service management?
    - can a business build better supply chains?
    - can a business use social media and location data to discover unique factors of consumer behavior including regarding a consumer's hobbies and interests, lifestyle preferences, relationships, diet choices, entertainment preferences and his or her culture and beliefs?
    - can a business predict the probability that a service or product will succeed in a particular market?
- WHY:
    - is a business not obtaining the intended results?
    - is a business or segment growing?
    - isn't a business or segment growing?

The result? Smart, data driven decisions for business growth across multiple industries including retail, food and beverage, government as well as agriculture and engineering construction.

One of the most common challenges faced by companies is how to how to apply data (that is largely unstructured) in a meaningful way to their business. Loc8 helps bridge that gap by synthesizing the collected data into a format that can easily understood by companies to provide data-driven answers. The data fusion platform together with the machine learning platform allows business to stitch data which is multi variable and analyze the same.

Loc8 will charge customers an upfront implementation cost, as well as an annual license fee for an enterprise license. The license fee will be determined upon the completion and deployment of its products to customers and is expected to provide Loc8 with reliable, recurring revenue. Currently, the AI platform is 60 % replicable with a need for 40 % customization. However, the User Experience has been standardized and is of high fidelity. We have carried out successful Proof of Concept studies and we have validation of technology along with high fidelity prototypes.

This means that prototypes of the software exist and that the key functions have been demonstrated and tested. The SaaS will be integrated with operational hardware and software systems to support its operational feasibility. Also included at this stage is that most software "bugs" are removed and that tests have been performed to demonstrate that it will be successful for business predictions. As we move forward, we are targeting a replicability of 80 % and a customization of 20 % which will increase our margins and reduce the time needed for technology deployment due to low customization cost while also allowing for scaling up.

Reverse take-over agreement

Effective September 2, 2020, the Company entered into a reverse take-over agreement (the "Acquisition agreement"), with Aylen Capital Inc. ("Aylen") pursuant to which Aylen will acquire all of the issued and outstanding securities of the Company, as more particularly described below.

Pursuant to the Acquisition Agreement, Aylen will consolidate its issued and outstanding shares on a one (1) new share for four (4) old share basis (the "Consolidation").

Immediately following the Consolidation, Aylen will acquire all of the issued and outstanding securities of the Company from the Company's securityholders. Each shareholder of the Company will receive one (1) Aylen common share for each common share of the Company held. The Company will also issue 700,000 common shares as a finder's fees in connection with the completion of the Transaction. Upon completion of the Transaction, the resultant Company will change its name to "DeepSpatial Inc.", or such other name as may be determined. The combined entity (the "Resulting Issuer") will continue the business of the Company.

The Transaction is conditional upon, among other things:

(i) The representations and warranties of each of Aylen and the Company, as set out in the Acquisition Agreement, being true and correct in all material respects at the closing of the Transaction;
(ii) The absence of any material adverse change in the business of each of the parties;
(iii) The parties receiving all requisite regulatory approval, including the approval of the Exchange, and any third-party approvals and authorizations;
(iv) The Company and Aylen obtaining the requisite shareholder approvals for the Transaction; and
(v) The Company completing a private placement financing for minimum aggregate gross proceeds of not less than $1,000,000 at $0.30 per share.

Directors and Management

The Company's current leadership team includes:

Rahul Kushwah, CEO and Director

Sheldon Kales, Executive Chairman and Director

Nandan Mishra, Director

Rakesh Malhotra, CFO

SELECTED FINANCIAL INFORMATION

The following table contains selected financial information of the Company for the period from September 4, 2019 (date of incorporation) to June 30, 2020.

	From September 4, 2019 to June 30, 2020
Revenues	**-**
Total operating expenses	**(522,877)**
Net loss and comprehensive loss for the period	**(522,877)**
Loss per share	
Loss per common share:	
Basic and diluted	**(0.007)**
Weighted average number of common shares outstanding:	
Basic and diluted	**78,947,417**

The chart below presents the summary financial information of the Company:

	As at June 30, 2020
Current assets	**$1,202,900**
Noncurrent assets	**$1,897,178**
Total assets	**3,100,078**
Current liabilities	**40,354**
Total long-term liabilities	**-**
Shareholders' equity	**3,059,724**
Cash dividends per common share	**NIL**

The chart below presents the summary financial information of the Company for the period September 4, 2019 (date of incorporation) to June 30, 2020:

Expenses

Amortization of intangible assets	$	247,822
Audit fees		25,000
Consulting fees		48,022
Legal fees		55,534
Management fees		111,960
Marketing expenses)		10,000
Professional fees		10,749
Research and development		8,000
Travel, entertainment, and related		5,790
Loss and comprehensive loss	$	(522,877)

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Expenses and Net Loss for the period from September 4, 2019 to June 30, 2020

Total operating expenses for the period ended June 30, 2020, were $522,877.

Significant items

Management fees consist of fees paid to senior management or to Companies owned by senior management, including (1) $45,200 to the Executive Chairman for services; (2) $58,760 to the CEO for services and (3) $8,000 to the CFO for services.

Amortization of intangible assets for the period was $247,822. This non-cash expense is the amortization relating to the acquisition of intangible asset on September 9, 2019 being amortized straight line over the useful life of seven years.

Research and development costs for $8,000 was to a company in which the CTO and director of the Company is also a director. This expense was for the development and creation of the work product related to geospatial artificial intelligence for enterprises.

No cash dividends have been paid by the Company. The Company has no present intention of paying cash dividends on its common shares as it anticipates that all available funds will be invested to finance existing activities.

CRITICAL ACCOUNTING ESTIMATES

Preparing financial statements in conformity with IFRS requires the Company to select from possible alternative accounting principles. Estimates also affect classification and reported amounts for various assets, liabilities, equity balances, revenues and expenses. Prior estimates are revised as new information is obtained and are subject to change in future periods. Management believes the accounting policies and estimates used in preparing the financial statements are considered appropriate in the circumstances but are subject to numerous judgments and uncertainties inherent in the financial reporting process.

The preparation of these financial statements requires management to make judgements regarding the going concern of the Company, as well as the determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates and has been determined for the Company. The functional currency for the Company has been determined to be the Canadian dollar.

Significant estimates made by management affecting the financial statements include:

Deferred tax assets & liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Useful life of intangible assets

The intangible asset is depreciated over its estimated useful life. Estimated useful lives are determined based on current facts and past experience and takes into consideration the anticipated life of the asset, the potential for technological obsolescence, and regulations.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2020, the Company had cash of $560,000 and working capital of $1,162,546. During the period from September 4, 2019 to June 30, 2020 the Company received $1,437,601 from financing activities (common shares), and used $234,701 in operating activities and $642,000 in investing activities.

The Company has financed its operations from inception to date through the issuance of equity shares.

The Company currently has no source of revenues; as such, administrative and other expenses may exceed available cash resources and additional funding may be required to further its projects and to meet ongoing requirements for general operations. The ability of the Company to continue as a going concern is dependent on raising additional financing, development of its projects and generation of profitable operations in the future.

Subsequent to June 30, 2020, the Company raised an additional $643,350 cash in escrow, being subscription for 2,169,000 common shares at $0.30 per share less commission fees of $7,350 for the go-public transaction by issuance of shares.

The Company believes it has enough cash to maintain itself for the next 12 months.

The Company's objectives when managing its capital structure are to preserve the Company's access to capital markets and its ability to meet its financial obligations.

Based on available funds, the Company manages its capital structure and makes adjustments to it to maintain flexibility while achieving the objectives stated above as well as support future business opportunities.

To manage the capital structure, the Company may adjust its project plans, operating expenditure plans, or issue new common shares. The Company monitors its capital structure using annual forecasted cash flows, expenditure budgets and targets for the year as well as corporate capitalization schedules. This is achieved by the Board of Directors' review and acceptance of expenditure budgets that are achievable within existing resources and the timely matching and release of the next stage of expenditures with the resources made available from private placements or other funding.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to externally imposed capital requirements or covenants.

OUTSTANDING SHARE DATA

At June 30, 2020, the Company had 83,575,000 common shares outstanding. As of date of the MD&A, the Company has 83,575,000 common shares outstanding.

Information with respect to outstanding common shares as at June 30, 2020 and the date of the MD&A are as follows:

	Date of MD&A	**June 30, 2020**
Common shares	83,575,000	83,575,000
Stock options	-	-
Warrants	-	-
Fully diluted shares outstanding	**83,575,000**	**83,575,000**

Share issuances during the period ended June 30, 2020:

- On September 4, 2019, the Company issued 11,550,000 common shares, as founders' shares, for $1.
- On September 9, 2019, the Company issued 63,450,000 common shares for assignment of Intellectual Property valued at $2,145,000.
- On January 30, 2020, the Company issued 8,325,000 common shares at $0.10 per share in private placements and raised $832,500.
- On April 21, 2020, the Company issued 250,000 common shares at $0.10 per share in private placements and raised $25,000.

In conjunction with the above private placements, the Company incurred cash share issuance costs of $61,900.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized on the statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

The following is the Company's accounting policy for financial instruments under IFRS 9:

<u>Classification</u>

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

<u>Measurement</u>

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising

from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

<u>Impairment of financial assets at amortized cost</u>

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

<u>Derecognition</u>

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

The Company's financial assets and liabilities are recorded and measured as follows:

Asset or Liability	**Category**	**Measurement**
Cash	FVTPL	Fair value
Restricted cash	FVTPL	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash has been measured at fair value using Level 1 inputs.

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in a separate line item. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Financial risk management and objectives

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate risk, foreign currency risk, and commodity price risk).

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flows primarily from its financing activities.

The Company manages its liquidity needs by carefully monitoring scheduled costs. Liquidity is measured in various time bands, on day to day and week-to-week basis, as well as on long term liquidity needs over 180 day to 360 day look out periods. Funding for long term liquidity needs is based on the ability of the Company to successfully complete private placements.

As at June 30, 2020, the Company had sufficient cash of $560,900 to settle current liabilities of $40,354.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices, and foreign exchange rates.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

(b) Price risk

The Company is not exposed to significant price risk as it does not possess investments in publicly traded securities.

(c) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument denominated in a foreign currency will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant currency risk as it is not actively dealing in foreign currency.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative instrument obligations, or with respect to any obligations under a variable interest entity arrangement.

TRANSACTIONS WITH RELATED PARTIES

Related parties include key management personnel, the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Key management of the Company are members of the Board of Directors, the Chief Executive Officer (“CEO”), the Chief Financial Officer (“CFO”) and the Chief Technology Officer (“CTO”).

Transactions with key management personnel not disclosed elsewhere in the financial statements include the following:

		June 30, 2020
Management fees to the Executive Chairman	$	45,200
Management fees to the CEO		58,760
Management fees to the CFO		8,000

Research and development fees to a company in which the CTO and director of the Company is also a director		8,000
Marketing fees to a company controlled by a child of the Executive Chairman		10,000
Consulting fees to a company controlled by a child of the Executive Chairman		2,500
	$	132,460

At June 30, 2020, there was $333 due to the CEO, $8,000 due to the CFO, and $2,500 due to a child of the Executive Chairman included in accounts payable and accrued liabilities

BOARD PURPOSE AND FUNCTION

The directors and management of the company have experience operating in Canada and taking projects through to various stages of development.

The Board's purpose is to ensure corporate governance, risk, strategy and shareholder interests are priorities at all times. At the end of the financial year under review, the board consisted of three members.

MERGER TRANSACTION

Effective September 2, 2020, the Company entered into a reverse take-over agreement (the "Acquisition agreement"), with Aylen Capital Inc. ("Aylen") pursuant to which Aylen will acquire all of the issued and outstanding securities of the Company, as more particularly described below.

Pursuant to the Acquisition Agreement, Aylen will consolidate its issued and outstanding shares on a one (1) new share for four (4) old share basis (the "Consolidation").

Immediately following the Consolidation, Aylen will acquire all of the issued and outstanding securities of the Company from the Company's securityholders. Each shareholder of the Company will receive one (1) Aylen common share for each common share of the Company held. The Company will also issue 700,000 common shares as a finder's fees in connection with the completion of the Transaction. Upon completion of the Transaction, the resultant Company will change its name to "DeepSpatial Inc.", or such other name as may be determined. The combined entity (the "Resulting Issuer") will continue the business of the Company.

The Transaction is conditional upon, among other things:

(i) The representations and warranties of each of Aylen and the Company, as set out in the Acquisition Agreement, being true and correct in all material respects at the closing of the Transaction;

(ii) The absence of any material adverse change in the business of each of the parties;

(iii) The parties receiving all requisite regulatory approval, including the approval of the Exchange, and any third-party approvals and authorizations;

(iv) The Company and Aylen obtaining the requisite shareholder approvals for the Transaction; and

(v) The Company completing a private placement financing for minimum aggregate gross proceeds of not less than $1,000,000 at $0.30 per share.

CONTROL AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this Management Discussion and Analysis.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could burden the Company's financial resources, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and workload will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial accounting and reporting.

RISKS AND UNCERTAINTIES

The Company is subject to a number of risks and uncertainties due to the nature of its business and the present stage of development of its business. Current and potential investors should give special consideration to the risk factors involved.

<u>Management</u>

Dependence on Key Personnel, Contractors and Service Providers, shareholders of our Company rely on the good faith, experience and judgment of the Company's management and advisors in supervising and providing for the effective management of the business and the operations of the Company and in selecting and developing new investment and expansion opportunities. The Company may need to recruit additional qualified contractors and service providers to supplement existing management. The Company will be dependent on a relatively small number of key persons, the loss of any one of whom could have an adverse effect on the Company.

<u>Value of Our Common Shares</u>

The value of the Company's common shares could be subject to significant fluctuations in response to variations in and annual operating results, the success of the Company's business strategy, competition or other applicable regulations which may affect the business of the Company and other factors.

<u>Impact of Covid-19</u>

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specially identified as "COVID-19" has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods.

Additional Funding and Financing Risk

Additional funds will be required for future development. The source of future funds available to the Company is through the sale of additional equity capital or borrowing of funds. There is no assurance that such funding will be available to the Company. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favorable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position. In addition, any future equity financings by the Company may result in substantial dilution for existing shareholders.

Uninsured Hazards

The Company currently carries no insurance coverage. The potential costs that could be associated with any liabilities not covered by insurance or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the Company’s financial position.

Conflicts of Interest

Certain Directors and Officers of the Company also serve as Directors and officers of other companies involved in development and production. Consequently, there exists the possibility that such Directors or Officers may be in a position of conflict of interest. Any decision made by such Directors or Officers involving the Company are made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such Directors will declare and refrain from voting on, any matter in which such Directors may have a material conflict of interest.

Permits, Licenses and Approvals

The operations of the Company may require licenses and permits from various governmental authorities. The Company believes it holds or is in the process of obtaining all necessary licenses and permits to carry on the activities which it is currently conducting under applicable laws and regulations. Such licenses and permits are subject to changes in regulations and in various operating circumstances. There can be no guarantee that the Company will be able to obtain all necessary licenses and permits that may be required to maintain its activities.

General Venture Company Risks

The common shares must be considered highly speculative due to the nature of the Company’s business, the early stage of its deployment, its current financial position and ongoing requirements for capital. An investment in the common shares should only be considered by those persons who can afford a total loss of investment and is not suited to those investors who may need to dispose of their investment in a timely fashion. Investors should consult with their own professional advisors to assess the legal, financial and other aspects of an investment in common shares.

Uncertainty of Revenue Growth

There can be no assurance that the Company can generate substantial revenue growth, or that any revenue growth that is achieved can be sustained. Revenue growth that the Company has achieved or may achieve may not be indicative of future operating results. In addition, the Company may increase further its operating expenses in order to fund increase its sales and marketing efforts and increase its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Company's business, operating results and financial condition will be materially adversely affected.

Marketing and Distribution Capabilities

In order to commercialize its technology, the Company must either acquire or develop an internal marketing and sales force with technical expertise and with supporting distribution capabilities or arrange for third parties to perform these services. In order to market certain of its products, the Company must either acquire or develop a sales and distribution infrastructure. In order to maximize sales of other products, the Company may determine that it needs to either acquire or develop a sales and distribution infrastructure. The acquisition or development of a sales and distribution infrastructure would require substantial resources, which may divert the attention of its management and key personnel and defer its product development and deployment efforts. To the extent that the Company enters into marketing and sales arrangements with other companies, its revenues will depend on the efforts of others. These efforts may not be successful. If the Company fails to develop substantial sales, marketing and distribution channels, or to enter into arrangements with third parties for those purposes, it will experience delays in product sales and incur increased costs.

Rapid Technological Development

The markets for the Company's products and services are characterized by rapidly changing technology and evolving industry standards, which could result in product obsolescence or short product life cycles. Accordingly, the Company's success is dependent upon its ability to anticipate technological changes in the industries it serves and to successfully identify, obtain, develop and market new products that satisfy evolving industry requirements. There can be no assurance that the Company will successfully develop new products or enhance and improve its existing products or that any new products and enhanced and improved existing products will achieve market acceptance. Further, there can be no assurance that competitors will not market products that have perceived advantages over the Company's products or which render the products currently sold by the Company obsolete or less marketable. Regardless of the Industry as a whole, the less lethal sector moves somewhat slower in the adaptation and integration of new products.

The Company must commit significant resources to developing new products before knowing whether its investments will result in products the market will accept. To remain competitive, the Company may be required to invest significantly greater resources then currently anticipated in research and development and product enhancement efforts and result in increased operating expenses.

Competition

The Company’s industry is competitive and composed of many foreign companies. The Company expects to experience competition from competitors whom it expects to continue to improve their products and technologies. Competitors may announce and introduce new products, services or enhancements that better meet the needs of end-users or changing industry standards, or achieve greater market acceptance due to pricing, sales channels or other factors. Competitors may be able to respond more quickly than the Company to changes in end-user requirements and devote greater resources to the enhancement, promotion and sale of their products.

Intellectual Property

The Company’s ability to compete effectively will depend, in part, on its ability to maintain the proprietary nature of its technology and manufacturing processes. Although the Company considers certain of its product designs as well as manufacturing processes involving certain of its products to be proprietary, patents or copyrights do not protect all design and manufacturing processes. The Company has adopted procedures to protect its intellectual property and maintain secrecy of its confidential business information and trade secrets. However, there can be no assurance that such procedures will afford complete protection of such intellectual property, confidential business information and trade secrets. There can be no assurance that the Company’s competitors will not independently develop technologies that are substantially equivalent or superior to the Company’s technology.

To protect the Company’s intellectual property, it may become involved in litigation, which could result in substantial expenses, divert the attention of its management, cause significant delays and materially disrupt the conduct of its business.

STRATEGY AND OUTLOOK

Our objective is to maximize the value of the Company for our shareholders and our strategy to obtain this result is to continually seek opportunities to participate in new ventures in any sector.

The Company's short-term list of objectives is as follows:

The Company intends to work closely with Aylen Capital Inc. to complete the proposed RTO transaction

SCHEDULE "E"
CARVE OUT FINANCIAL STATEMENTS OF THE ARTIFICIAL LOCATION INTELLIGENCE BUSINESS

LOC8 INDIA
A BUSINESS SEGMENT OF ALOG8 AI PRIVATE LIMITED

Financial Statements
March 31, 2019 and 2018

(Expressed in Canadian Dollars)

Loc8 India (a business segment of Algo8 AI Private Limited)

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HARBOURSIDE
CPAS

INDEPENDENT AUDITORS' REPORT

To the directors of Loc8 Corp.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Loc8 India (a business segment of Algo8 AI Private Limited), which is part of the transaction with Loc8 Corp. (the "Segment"), which comprise the statement of financial position as at March 31, 2019 and 2018, and the statement of income and comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the years ended March 31, 2019 and 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Segment as at March 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Segment in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and the Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, included in Management's Discussion and Analysis report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Segment's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Segment or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Segment's financial reporting process.

t 604.688.7227
f 604.681.7716
harboursidecpa.com
SUITE 1140–1185
WEST GEORGIA STREET,
VANCOUVER, BC V6E 4E6

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Segment's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Segment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Segment to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mickey Goldstein.

Vancouver, British Columbia
November 13, 2020

Harbourside CPA LLP
Chartered Professional Accountants

Loc8 India (a business segment of Algo8 AI Private Limited)
Statement of Financial Position
As at
(in Canadian dollars)

		March 31, 2019		March 31, 2018
ASSETS				
CURRENT				
Due from parent	**$**	**-**	$	21,782
TOTAL ASSETS	**$**	**-**	$	21,782
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
CURRENT				
Due to parent	**$**	**34,071**	$	-
TOTAL LIABILITIES		**34,071**		-
SHAREHOLDERS' EQUITY				
Retained earnings (loss)		**(31,869)**		21,923
Accumulated other comprehensive income		**(2,202)**		(141)
TOTAL SHAREHOLDERS' EQUITY		**(34,071)**		21,782
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**-**	$	21,782

Organization and nature of operations (Note 1)
Basis of presentation and going concern (Note 2)
Subsequent events (Note 8)

Approved on behalf of the Board of Directors:

Signed: Rahul Kushwah, CEO and Director

Signed: Sheldon Kales, Director

The accompanying notes are an integral part of these financial statements

Loc8 India (a business segment of Algo8 AI Private Limited)
Statement of Income and Comprehensive Income
For the years ended
(in Canadian dollars)

		March 31, 2019		March 31, 2018
Sales	**$**	**22,348**	$	94,544
Cost of sales		**-**		(30,886)
Gross profit		**22,348**		63,658
Expenses				
Audit and accounting		**267**		234
General and administrative		**7,938**		1,754
Management fees		**13,473**		9,703
Research and development		**54,462**		11,349
Total operating expenses		**76,140**		23,040
Income (loss) before income taxes		**(53,792)**		40,618
Income taxes		**-**		11,782
Net income (loss)		**(53,792)**		28,836
Foreign exchange translation adjustment for the year		**(2,061)**		114
Comprehensive income (loss)	**$**	**(55,853)**	$	28,950

The accompanying notes are an integral part of these financial statements

Loc8 India (a business segment of Algo8 AI Private Limited)
Statement of Changes in Shareholders' Equity (Deficiency)
For the years ended March 31, 2019 and 2018
(in Canadian dollars)

		Accumulated other comprehensive income (loss)		Income (deficit)		Total
Balance as at March 31, 2017	$	(255)	$	(6,913)	$	(7,168)
Foreign exchange translation		114		-		114
Net income (loss) for the year		-		28,836		28,836
Balance as at March 31, 2018		(141)		21,923		21,782
Foreign exchange translation		(2,061)		-		(2,061)
Net income (loss) for the year		-		(53,792)		(53,792)
Balance as at March 31, 2019	$	(2,202)	$	(31,869)	$	(34,071)

The accompanying notes are an integral part of these financial statements

Loc8 India (a business segment of Algo8 AI Private Limited)
Statement of Cash Flows
For the years ended
(in Canadian dollars)

		March 31, 2019		March 31, 2018
OPERATING ACTIVITIES				
Net income (loss) for the year	**$**	**(53,792)**	$	28,836
Non-cash items included in net loss and other adjustments:				
Foreign exchange		**(2,061)**		114
Changes in non-cash working capital:				
Due to/from parent		**55,853**		(28,950)
CASH USED IN OPERATING ACTIVITIES		**-**		-
NET CHANGE IN CASH DURING THE PERIOD		**-**		-
CASH, BEGINNING OF PERIOD		**-**		-
CASH, END OF PERIOD	**$**	**-**	$	-
Cash paid for interest and income taxes	**$**	**-**	$	-

The accompanying notes are an integral part of these financial statements

1. Organization and Nature of Operations

Loc8 India (a business segment of Algo8 AI Private Limited) (the "Segment"), leverages Artificial Intelligence to create robust location intelligence solutions for transforming existing location data into business outcomes. Location data can be anything from addresses and latitude/longitude coordinates, buildings, monuments or alike and when this data is correlated with internal business data, it creates business context to improve decision making backed by data driven analytics.

Algo8 AI Private Limited was incorporated in India under the Indian Companies Act on September 29, 2015 under the name Stockbay Services Private Limited.

On September 9, 2019, Loc8 Corp, a Canadian company issued 63,450,000 common shares to Algo8, and its associates including their designates, being the fair value consideration for the assignment of Intellectual Property relating to development and creation of the work product related to geospatial artificial intelligence for enterprises. On completion of this transaction, the Segment ceased to exist.

Algo8's corporate head office is located at 6, C2D Janakpuri, New Delhi 110058, India.

The Board of Directors of Loc8 Corp authorized these financial statements for issuance on November 13, 2020.

2. Basis of Presentation and Going Concern

Basis of Preparation

These financial statements have been prepared on the historical cost basis except for financial instruments recorded at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Segment is the Indian Rupee, while the reporting currency is the Canadian Dollar.

Statement of Compliance

The financial statements for the Segment have been prepared in accordance with International Accounting Standards ("IAS") 1, "Presentation of Financial Statements" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

2. Basis of Presentation and Going Concern (Cont'd)

Going Concern Assumption

The going concern assumption under IFRS presumes the realization of assets and discharge of liabilities in the normal course of business for the next fiscal year. As of September 9, 2019, the Segment ceased operations. Consequently, these financial statements have not been prepared on a going concern basis.

Significant Accounting Judgments and Estimates

The preparation of these financial statements in compliance with IFRS requires management to make certain critical accounting estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, shareholders' equity, and the disclosure of contingent assets and liabilities, as at the date of the financial statements, and expenses for the years reported.

Critical Judgements

The preparation of these financial statements requires management to make judgements regarding the going concern of the Segment (discussed above), as well as the determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency for the Segment has been determined to be the Indian Rupee.

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant.

2. Basis of Presentation and Going Concern (Cont'd)

Significant Accounting Judgments and Estimates (Cont'd)

Significant estimates made by management affecting the financial statements include:

Deferred tax assets & liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Segment's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Segment's ability to utilize future tax deductions changes, the Segment would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Foreign currency translation

Foreign currency transactions are translated into Canadian dollars as follows:

The Segment maintains its books and records in Indian Rupees, which is its functional currency. The Segment's financial statements are converted to Canadian dollars for reporting purposes. The translation method used is the current rate method. Under the current rate method, all assets and liabilities are translated at the closing rate at the date of the balance sheet, shareholders' equity accounts are translated at historical rates, and revenues and expenses are translated at the average rate for the year. The resulting translation adjustment has been included in accumulated other comprehensive income (loss). Gains or losses resulting from transactions in currencies other than the functional currency are reflected in the statement of operations and comprehensive income (loss) for the reporting periods.

3. Significant Accounting Policies (Cont'd)

Income taxes

Income tax on profit or loss for the period comprises of current and deferred tax. Current tax is the expected tax paid or payable on the taxable income for the period, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax paid or payable in respect of previous periods.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of the enactment or substantive enactment of the change. Deferred tax assets and liabilities are presented separately except where there is a right of set-off within fiscal jurisdictions.

Research and development expenditures

The application of the Segment's accounting policy for research and development expenditures requires judgment in determining whether an activity is determined to be research or development, and if deemed to be development, whether it is probable that future economic benefits will flow to the Segment, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If new information becomes available indicating that it is unlikely that future economic benefits will flow to the Segment, the amount capitalized is written off to profit or loss in the period the new information becomes available.

Revenue

Under IFRS 15, the Segment classified its revenue as being principally derived from the following sources:

Revenue is derived primarily from data science advisory and development service billings to customers.

The Segment has evaluated its revenue streams and major contracts with customers using the IFRS 15 five step model and concluded that there are no material changes to the timing of revenue recognized compared to the prior year.

3. Significant Accounting Policies (Cont'd)

Financial Instruments

Financial assets and financial liabilities are recognized on the statements of financial position when the Segment becomes a party to the contractual provisions of the financial instrument.

The following is the Segment's accounting policy for financial instruments under IFRS 9:

Classification

The Segment classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Segment determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Segment's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Segment can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Segment has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of income (loss) and comprehensive income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of income (loss) and comprehensive income (loss) in the period in which they arise.

Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

3. Significant Accounting Policies (Cont'd)

Financial Instruments (Cont'd)

Impairment of financial assets at amortized cost

The Segment recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Segment measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Segment measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Segment shall recognize in the statements of income (loss) and comprehensive income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets
The Segment derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Segment derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. The Segment also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

The Segment's financial assets and liabilities are recorded and measured as follows:

Asset or Liability	**Category**	**Measurement**
Due from parent	Loans and receivables	Amortized cost
Due to parent	Other liabilities	Amortized cost

3. Significant Accounting Policies (Cont'd)

Financial Instruments (Cont'd)

The Segment determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash has been measured at fair value using Level 1 inputs.

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in a separate line item. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3. Significant Accounting Policies (Cont’d)

Financial Instruments (Cont’d)

New Accounting standards applied

IFRS 16 *Leases*

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The impact of this new standard did not result in any additional assets or liabilities to be recorded as the Segment does not have any leases.

(in Canadian dollars)

4. Related Party Transactions

Related parties include key management personnel, the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Key management of the Segment are its directors and executive officers. The Segment did not pay post-employment benefits or long-term benefits to key management.

Transactions with key management personnel not disclosed elsewhere in the financial statements include the following:

		March 31, 2019		March 31, 2018
Management fees to director Nandan Mishra	$	7,555	$	3,444
Management fees to director Himanshu Ujjwal		5,918		6,258
	$	13,473	$	9,702

5. Financial Instruments

The fair value of the Segment's assets and liabilities approximates carrying value, due to their short-term nature.

Financial risk management and objectives

The Segment's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate risk, foreign currency risk, and commodity price risk).

The Segment thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Segment is not exposed to significant credit risk as the Segment periodically invoices for ongoing projects to ensure that payment is received as services are provided.

Liquidity risk

Liquidity risk is the risk that the Segment will not have sufficient cash resources to meet its financial obligations as they come due. The Segment's liquidity and operating results may be adversely affected if its access to capital hindered as a result of matters specific to the Segment. The Segment generates cash flows primarily from its parent, Algo8.

As at March 31, 2019, the only liability was the amount due to parent for $34,071.

5. Financial Instruments (Cont'd)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices, and foreign exchange rates.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Segment is not exposed to significant interest rate risk.

(b) Price risk

The Segment is not exposed to significant price risk as it does not possess investments in publicly traded securities.

(c) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument denominated in a foreign currency will fluctuate because of changes in foreign exchange rates. The Segment is not exposed to significant currency risk as it is not actively dealing in foreign currency.

6. Capital Management

The Segment considers its capital to be shareholders' equity, which is comprised of retained earnings (deficit) and accumulated other comprehensive income (loss), which as at March 31, 2019 totalled a deficiency of $34,071. The Segment's capital structure is adjusted based on the funds available to the Segment such that it may continue to seek new opportunities. The Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business.

The sources of future funds presently available to the Segment are through funding from its parent. The ability of the Segment to arrange such financing in the future will depend in part upon the business performance of the Segment. There can be no assurance that the Segment will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Segment.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Segment, is reasonable. The Segment is not subject to externally imposed capital restrictions.

(in Canadian dollars)

7. Income Taxes

The following is a reconciliation of income taxes attributable to operations computed at the statutory tax rates to income tax recovery.

		March 31, 2019		**March 31, 2018**
Loss for the period	$	(53,792)	$	40,618
Tax rate		30.0%		35.0%
Expected income tax recoverable at statutory rate		(16,138)		14,216
Non-deductible items		-		(15)
Change in unrecognized deductible temporary differences		16,138		(2,419)
Total income tax expense	$	-	$	11,782

<u>Deferred tax assets</u>

The tax effects of temporary differences that give rise to deferred income tax assets are as follows:

		March 31, 2019		**March 31, 2018**
Non-capital losses available for future period	$	16,138	$	-
Total deferred tax assets		16,138		-
Less: Unrecognized deferred tax assets		(16,138)		-
Net deferred tax assets	$	-	$	-

The significant components of the Segment’s unrecognized deferred tax assets are as follows:

		March 31, 2019	**Expiry Date**
Non-capital losses	$	53,792	2039

Tax attributes are subject to review and potential adjustment by tax authorities.

8. Subsequent Events

On September 9, 2019, Algo8 assigned its intellectual property relating to the development and creation of the work product related to geospatial artificial intelligence for enterprises to Loc8 Corp., a Canadian company in exchange for 63,450,000 common shares of Loc8 Corp. issued to Algo8 and its associates including their designates. As a result, the Loc8 India business segment ceased to exist.

SCHEDULE "F"
PRO FORMA FINANCIAL STATEMENTS

DEEPSPATIAL INC. (formerly Aylen Capital Inc.)
Unaudited Pro Forma Condensed Statement of Financial Position
June 30, 2020
(In CAD Dollars)

	Historical			Pro Forma		
	LOC8 CORP. (as at June 30, 2020)	Aylen capital Inc. (as at June 30, 2020)	Adjustments	Notes		Combined
Assets						
Current assets:						
Cash and cash equivalents	$ 560,900	$ 39,231	$ 650,700	a		
			(7,350)	a		
			23,857	b		
			446,494	b		
			(509,582)	b		
			642,000	a	$	1,846,250
Restricted cash	642,000		(642,000)	a		-
Marketable securities		486,494	(40,000)	b		
			(446,494)	b		-
Other receivable			40,000	b		40,000
Accounts receivable		12,055	(12,055)	b		-
HST receivable		8,732	(8,732)	b		-
Current portion of consideration receivable		64,417	(64,417)	b		-
Total current assets	1,202,900	610,929	72,421			1,886,250
Non-Current assets						
Inter Company advance receivable		1,000	(1,000)	b		-
Property and equipment		1,734	(1,734)	b		-
Intangible assets	1,897,178	-	-			1,897,178
Total assets	3,100,078	613,663	69,687			3,783,428
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	$ 40,354	$ 70,940	$ (70,940)	b	$	40,354
Other payable			(146,300)	b		
			146,300	b		-
Contract liabilities		203,298	(203,298)	b		-
Total current liabilities	40,354	274,238	(274,238)			40,354
Non-current liabilities						
CEBA loan payable		40,000				40,000
Total liabilities	40,354	314,238	(274,238)			80,354

Stockholders' Equity					
Share Capital			1,285,350	a	
			23,857	b	
			1,398,172	c	
			210,000	c	
92,544,574 shares issued and outstanding	2,940,601	1,350,570	(1,374,427)		5,834,123
Share subscriptions	642,000		650,700	a	
			(7,350)	a	
			(1,285,350)	a	-
Contributed surplus		320,765	(320,765)		-
			320,765		
			1,374,427		
			146,300	b	
			40,000	b	
			(509,582)	b	
Accumulated deficit	(522,877)	(1,371,910)	(1,608,172)	c	(2,131,049)
Total shareholders' equity	3,059,724	299,425	343,925		3,703,074
Total liabilities and stockholders' equity	$ 3,100,078	$ 613,663	$ 69,687		$ 3,783,428

Notes to Unaudited Condensed Combined Pro Forma Financial Statements

These unaudited condensed combined proforma financial statements have been prepared in order to present combined financial position of the Registrant and Loc8 Corp. as if the acquisition had occurred as of June 30, 2020

The unaudited proforma condensed statement of financial position has been prepared using the unaudited condensed interim statements of financial position of the Registrant and Loc8 Corp. as of June 30, 2020.

The following proforma adjustments are incorporated into the condensed combined proforma statement of financial position as of June 30, 2020

a) Subsequent to June 30, 2020, Loc 8 Corp. received an additional $650,700 in cash and paid $7,350 as commission, being subscription for 2,169,000 common shares at $0.30 per share for the go-public transaction. As of June 30, 2020, the Company had received cash in escrow (restricted cash) for $642,000 being subscription for 2,140,000 common shares at $0.30 per share. On close of acquisition transaction, 4,309,000 common shares are issued and $1,285,350 is transferred from share subscription account to share capital account.

b) Pursuant to the Acquisition Agreement, and as a consideration of the Amalgamation, Aylen agreed to transfer its assets and liabilities to its subsidiary Grapevine Analytics Inc. (**the "**Grapevine Sale**")** and selling the shares of Grapevine Analytics Inc. to 177 RDH Inc**.** in the manner contemplated by the Grapevine Purchase and Sale Agreement for 1$ and the assumption of all liabilities related to the Grapevine Analytics business not sheltered by the Corporation's tax-loss carry-forwards. In addition, the parties agreed that the late John D Pennal's employment agreement with the Corporation would be cancelled. Aylen raised $23,857 on exercise of 1,785,663 options, increasing its number of common shares to 18,642,295. Pursuant to the acquisition agreement, Aylen consolidated its outstanding and issued shares on a one (1) new share for four (4) old shares basis resulting in 4,660,574 shares issued and outstanding post consolidation. In connection with the Grapevine Sale, Aylen agreed to pay a dividend to all holders of the Common Shares prior to the completion of the Amalgamation, with such dividend to be equal to the Corporation's unencumbered cash on the ex-dividend date.

c) Parties to the Transaction: Aylen Capital Inc. (the "Corporation"), a public company existing under the laws of Canada Business Corporation Act, Loc 8 Corp. ("Company"), and 2774951 Ontario Limited. ("Aylen Sub"), a private company incorporated under the laws of Ontario.

   Description of the Transaction: The Corporation completed the acquisition of all of the issued and outstanding shares of the Company by way of a three-cornered amalgamation, pursuant to which the Aylen Sub amalgamated with the Company (the "Transaction"). Pursuant to the Transaction, each registered shareholder of the Company (a "Company Shareholder") received one (1) common share in the capital of the Corporation for each Company common share held (each a "Company Share"), resulting in the issuance of an aggregate of 87,884,000 common shares of the Corporation to Company Shareholders and an additional 700,000 finder's shares resulting in a total issuance of 93,244,574 common shares. On completion of the transaction, the Corporation changed its name from "Aylen capital Inc." to "DeepSpatial Inc."

   Under IFRS, this was considered to be a Reverse Merger and Recapitalization (commonly referred to as a Reverse Take Over or "RTO").

The Company issued 4,660,574 shares to the shareholders of former Corporation valued at $0.30 per share (refer to note 1), with a total value of $1,398,172 and 700,000 common shares (finder shares) valued at $210,000 for the acquisition.

The fair value of the acquired assets and liabilities assumed is as follows:

Assets acquired by the Company:		
Other receivable	$	40,000
Liabilities assumed by the Company:		
CEBA loan payable		(40,000)
Net assets assumed		-
4,660,574 common shares at a fair value of $0.30 per share		(1,398,172)
700,000 common shares being finders' shares at a fair value of $0.30 per share		(210,000)
Listing expense (Loss on acquisition of subsidiary)	$	(1,608,172)

SCHEDULE "G"
ACQUISITION AGREEMENT

ACQUISITION AGREEMENT

THIS AGREEMENT made effective as of the 2nd day of September, 2020

AMONG:

AYLEN CAPITAL INC.,
a corporation incorporated under the laws of Canada

("**Aylen**")

\- and -

LOC8 CORP.,
a corporation incorporated under the laws of the Province of Ontario

("**Loc8**")

\- and -

2774951 ONTARIO LIMITED,
a corporation incorporated under the laws of the Province of Ontario

("**Newco**")

\- and -

JOHN PENNAL,
an individual resident in the City of **[Toronto, Ontario]**

("**Pennal**")

\- and -

GRAPEVINE ANALYTICS INC.,
a corporation incorporated under the laws of Canada

("**Grapevine**")

RECITALS

A. Aylen is a company listed on the Exchange under the symbol AYL; and

B. Aylen has identified Loc8 as a target company with which to complete a Fundamental Change (as defined under the Policies of the Exchange) and wishes to acquire all of the issued and outstanding securities of Loc8 in exchange for securities of Aylen by way of an amalgamation between Loc8 and Newco, upon the terms and conditions herein set forth such that upon completion of the Amalgamation, the amalgamated corporation shall be a wholly-owned subsidiary of Aylen.

AGREEMENT

THIS AGREEMENT WITNESSES that in consideration of the covenants, agreements, warranties and payments herein set forth and provided for, the parties hereto respectively covenant and agree as set forth below.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals, unless otherwise stated or unless there is something in the subject matter or context inconsistent therewith:

(a) "**Agreement**" means this agreement and includes any agreement amending this agreement or any agreement or instrument which is supplemental or ancillary thereof, and the expressions "above", "below", "herein", "hereto", "hereof" and similar expressions refer to this Agreement;

(b) "**Amalco**" means the corporation resulting from the Amalgamation;

(c) "**Amalgamation**" means the amalgamation of Loc8 and Newco pursuant to the Amalgamation Agreement;

(d) "**Amalgamation Agreement**" means the amalgamation agreement to be entered into between Loc8 and Newco in the form attached hereto as Schedule "A";

(e) "**Aylen**" means Aylen Capital Inc., a corporation incorporated under the *Canada Business Corporations Act*;

(f) "**Aylen Assets**" means all of Aylen's right, title, estate and interest in and to its property and assets, real and personal, moveable and immoveable, of whatsoever nature and kind and wheresoever situate, including but without limitation, the assets as more particularly set forth and described in the Aylen Financial Statements, including the assets of the Grapevine business which were transferred to Grapevine on July 1, 2020;

(g) "**Aylen Documents**" means all contracts, agreements, documents, permits, licenses, leases, appraisals, certificates, plans, drawings, specifications, reports, compilations, analysis, studies, financial statements, budgets, market surveys, minute books, corporate records, and any other documents or information of whatsoever nature relating to Aylen, the Aylen Assets or its business and any and all rights in relation thereto;

(h) "**Aylen Financial Statements**" means the audited financial statements of Aylen for the years ended December 31, 2019, 2018 and 2017 and the unaudited interim financial statements for the period ended June 30, 2020;

(i) "**Aylen Material Contracts**" means any contract, agreement (written or oral) commitment, indenture, or other instrument to which Aylen is bound and which is material to Aylen;

(j) "**Aylen Option Plan**" means the stock option plan of Aylen;

(k) "**Aylen Shares**" means the common shares of Aylen;

(l) "**Business**" means the business of Loc8;

(m) "**Business Permits**" means all licenses, permits and similar rights and privileges that are required and necessary under applicable legislation, regulations, rules and orders for Loc8 to own the Loc8 Assets and operate the Business;

(n) "**Closing**" means the closing of the Amalgamation;

(o) "**Closing Date**" means the day that the Amalgamation closes, which shall not be prior to the date upon which all regulatory approvals have been obtained for the transactions described herein, and including specifically the approval of the Exchange for the Amalgamation to be the Fundamental Change of Aylen and all conditions contained in this Agreement shall be met or waived;

(p) "**Consolidation**" means the consolidation of the Aylen Shares on the basis of one (1) new share for every four (4) old shares, to be made effective prior to completion of the Fundamental Change;

(q) "**Encumbrances**" means any charge, mortgage, lien, pledge, claim, embargo, security interest, legal or conventional, moveable or immovable, specific or floating, whether created or arising by agreement, statute or otherwise, attaching to property, interests or rights, and shall be construed in the widest possible terms and principles known under the law;

(r) "**Exchange**" or "**CSE**" means the Canadian Securities Exchange;

(s) "**Fundamental Change**" means the Amalgamation and the other transactions provided for herein;

(t) "**Grapevine**" means Grapevine Analytics Inc., a wholly-owned subsidiary of Aylen incorporated under the *Canada Business Corporations Act*;

(u) "**Grapevine Purchase and Sale Agreement**" means the agreement to be entered into prior to the Closing Date between Aylen and Pennal pursuant to which Aylen will agree to sell and Pennal will agree to purchase all the outstanding shares of Grapevine pursuant to the Grapevine Sale;

(v) "**Grapevine Sale**" has the meaning provided in Section 2.1 hereto;

(w) "**Governmental Authority**" means any government in Canada, or any foreign government and any agency, or department, tribunal, board, commission, court or other authority exercising or purporting to exercise executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government, as well as any arbitrator, arbitration tribunal or other tribunal or other quasi-governmental or private body exercising any regulatory, expropriation or taxation authority under or for the account of any of the foregoing;

(x) "**Governmental Charges**" means all fees, levies and charges imposed by a Governmental Authority;

(y) "**IFRS**" means International Financial Reporting Standards applicable as at the date on which date such calculation is made or required to be made in accordance with generally accepted accounting principles applied on a basis consistent with preceding years;

(z) "**Intellectual Property Assets**" means all right, title and interest of Loc8 in and to any of the following:

(i) all trade secrets, confidential information and confidential know-how in which Loc8 now has or hereafter may have an interest, whether patented or unpatented, published or unpublished;

(ii) all trade-marks (both registered and unregistered), design marks, logos, indicia, trade names, domain names, registrations and applications that have been or shall be made or filed at any trade-marks or similar office in any jurisdiction, and all records thereof and reissues, extensions or renewals thereof, and all common law and other rights in the foregoing;

(iii) all patents and patent applications which Loc8 now owns or may hereafter own that have been or shall be made or filed in any patent or similar office of any jurisdiction; and

(iv) all copyrights that Loc8 now owns or may hereafter own, including all registrations and applications that have been or shall be made or filed in the copyright or similar office of any jurisdiction, and all common law and other rights in the foregoing;

(aa) "**Listing Date**" means the date on which the Resulting Issuer Shares commence trading on the CSE;

(bb) "**Listing Statement**" means the final filing statement of Aylen prepared in accordance with Policy 2.4 of the CSE;

(cc) "**Loc8**" means Loc8 Corp., a corporation incorporated under the laws of the Province of Ontario;

(dd) "**Loc8 Assets**" means all of the right, title, estate and interest Loc8 has in and to its property and assets, real and personal, moveable and immoveable, of whatsoever nature and kind and wheresoever situate, including but without limitation, the assets as more particularly set forth and described in the Loc8 Financial Statements and the Intellectual Property Assets;

(ee) "**Loc8 Documents**" means all contracts, agreements, documents, permits, licenses, leases, appraisals, certificates, plans, drawings, specifications, reports, compilations, analysis, studies, financial statements, budgets, market surveys, minute books, corporate records and any other documents or information of whatsoever nature relating to Loc8, the Business or the Loc8 Assets and any and all rights in relation thereto;

(ff) "**Loc8 Financial Statements**" means the audited financial statements for the fiscal year ended June 30, 2020 which have been prepared in accordance with International Financial Reporting Standards, applied on a consistent basis throughout the periods involved;

(gg) "**Loc8 Material Contracts**" means any contract, agreement (written or oral) commitment, indenture, or other instrument to which Loc8 is bound and which is material to the Business, including those entered into in the ordinary course of business, which could materially affect the Loc8 Assets, or Business or financial condition of Loc8;

(hh) "**Loc8 Shareholders**" means the holders of Loc8 Shares and "**Loc8 Shareholder**" means any one of them;

(ii) "**Loc8 Shares**" means all of the shares in the capital of Loc8 outstanding at the Time of Closing;

(jj) "**Loc8 Subscription Receipts**" means the subscriptions receipts of Loc8 issued to the subscribers under the Private Placement, with each Subscription Receipt automatically converted into a Loc8 Share immediately prior to the completion of the Amalgamation;

(kk) "**Name Change**" means the change of the name of Aylen to "DeepSpatial Inc." or such other name as identified by Loc8;

(ll) "**Newco**" means 2774951 Ontario Limited;

(mm) "**Orders**" means all material applicable orders, decisions, binding directives, or the like rendered by any Governmental Authority;

(nn) "**Pennal**" means John Pennal;

(oo) "**Person**" includes any individual, corporation, company, partnership, association or any individual;

(pp) "**Private Placement**" means the private placement of Loc8 Subscription Receipts for minimum gross proceeds of a minimum of $1,000,000 at an issue price of $0.30 per Subscription Receipt;

(qq) "**Resulting Issuer**" means Aylen upon completion of the Fundamental Change;

(rr) "**Resulting Issuer Securities**" means the Resulting Issuer Shares and the •;

(ss) "**Resulting Issuer Shares**" means the common shares of the Resulting Issuer;

(tt) "**Share Exchange Ratio**" shall mean one (1) Aylen Share for each Loc8 Share;

(uu) "**Subsidiary**" means any corporation, partnership or trust of which more than 50% of the outstanding shares or interests of any class carrying voting rights are beneficially owned, directly or indirectly by a Person; and

(vv) "**Time of Closing**" means such time on the Closing Date as the parties hereto may agree.

1.2 Canadian Dollars

All dollar amounts referred to in this Agreement are in Canadian funds, unless otherwise indicated herein.

1.3 Extended Meanings

In this Agreement, words importing the singular number include the plural and vice versa; words importing the masculine gender include the feminine and neuter genders; and references to any statute shall extend to and include orders-in-council or regulations passed under and pursuant thereto, of any amendment or re-enactment of such statute, orders-in-council or regulations, or any statute, order-in-council or regulations substantially in replacement thereof.

1.4 Entire Agreement

This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties, including the letter agreement dated July 15, 2020, between Aylen and Loc8 and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein. No amendment, supplement, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the party to be bound thereby.

1.5 Headings

Section headings are not to be considered part of this Agreement and are included solely for convenience of reference and are not intended to be full or accurate descriptions of the contents thereof.

1.6 Successors and Assigns

All of the terms and provisions in this Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and assigns.

ARTICLE 2
GRAPEVINE SALE; AMALGAMATION

2.1 Grapevine Sale and Dividend

As part of the Fundamental Change, prior to the Closing Date: :

(a) Aylen shall dispose of Grapevine (the "Grapevine Sale") by selling the shares of Grapevine to Pennal in the manner contemplated by the Grapevine Purchase and Sale Agreement pursuant to which Pennal will purchase Grapevine in exchange for cancellation of Pennal's employment agreement with Aylen and the assumption of all liabilities related to the Grapevine business not sheltered by Aylen tax-loss carryforwards;

(b) Aylen shall pay a dividend to all holders of Aylen Shares prior to completion of the Amalagamation, with such dividend to be equal to Aylen's unencumbered cash on the ex-dividend date; and

(c) John Pennal shall indemnify Aylen for any taxes, losses and other liabilities arising from or related to the Grapevine

2.2 Finders Fees

Loc8 shall issue an aggregate of 700,000 Loc8 Shares as finders fees as follows: (i) 500,000 Loc8 Shares to Richard Sutin; and, (ii) 200,000 Loc8 Shares to Greg Sullivan.

2.3 Consolidation and Name Change

Prior to the Amalgamation, Aylen shall file articles of amendment to effect the Name Change and Consolidation.

2.4 Amalgamation

Subject to the terms and conditions herein, on the Closing Date, Newco and Loc8 shall complete the Amalgamation pursuant to the terms of the Amalgamation Agreement. Without limiting the foregoing, on closing of the Amalgamation, pursuant to the terms of the Amalgamation Agreement, Aylen agrees to issue Aylen Shares to Loc8 Shareholders in exchange for the delivery to Aylen of all of the issued and outstanding Loc8 Shares, including the Loc8 Shares issued on the automatic conversion of the Loc8 Subscription Receipts. The aggregate number of Aylen Shares to be issued in exchange for the issued and outstanding Loc8 Shares shall be determined by multiplying the number of Loc8 Shares issued and outstanding at the time of Closing by the Share Exchange Ratio. No fractional Aylen Shares will be issued. To the extent any Loc8 Shareholder would otherwise be entitled to receive a fractional number of Aylen Shares on Closing of the

Amalgamation, the number of Aylen Shares to be issued to such Loc8 Shareholder shall be rounded to the nearest whole Aylen Share.

ARTICLE 3
REPRESENTATIONS, WARRANTIES AND COVENANTS OF LOC8

3.1 Representations, Warranties and Covenants of Loc8

Loc8 hereby represents and warrants to Aylen as follows, and Loc8 confirms that Aylen is relying upon the accuracy of each of such representations and warranties in connection with the completion of the transactions hereunder:

(a) **Incorporation**: Loc8 is incorporated, existing and in good standing under the *Business Corporations Act* (Ontario).

(b) **Status, Constating Documents**: Loc8 has all necessary corporate power to own its assets and to carry on its businesses as it is now being conducted. The articles, by laws and other constating documents of Loc8 as made available to Aylen are complete and accurate.

(c) **Authority and Binding Obligation:** Loc8 has good right, full corporate power and absolute authority to enter into this Agreement and to perform all of its obligations under this Agreement. Loc8, its board of directors and shareholders have taken all necessary or desirable actions, steps and corporate and other proceedings to approve or authorize, validly and effectively, the entering into, and the execution, delivery and performance of this Agreement.

(d) **Corporate Records**: As of the date hereof, the corporate records and minute books of Loc8, are materially complete and accurate. The share certificate books, registered of security holders, register of transfers and register of directors and any similar corporate records of Loc8 are complete and accurate in all material respects.

(e) **Authorized and Issued Capital**: As of the date hereof, the authorized capital of Loc8 consists of an unlimited number of common shares. The issued capital of Loc8 consists of _____ common shares, all of which have been duly issued and are outstanding as fully paid and non-assessable shares.

(f) **No Options**: Other than Loc8 Subscription Receipts, Loc8 does not have any outstanding subscriptions, options, rights, warrants or other agreements or commitments obligating Loc8 to sell or issue any additional shares or securities of any class of Loc8 or any securities convertible into any shares of any class of Loc8.

(g) **Subsidiaries and Other Interests**: Loc8 has no subsidiaries and does not own any securities issued by, or any equity or ownership interest in, any other Persons. Loc8 is not subject to any obligation to make any investment in or to provide funds by way of loan, capital contribution or otherwise to any Persons.

(h) **Title to Loc8 Assets by Loc8**: Loc8 is the owner of and has good and marketable title to all of the Loc8 Assets, including, without limitation, all Loc8 Assets reflected in the Loc8 Financial Statements and all Loc8 Assets acquired by Loc8 after the date of the Loc8 Financial Statements.

(i) **No Orders**: There are no outstanding material orders, notices or similar requirements relating to Loc8 or the Loc8 Assets issued by any federal, state, provincial or municipal authority including, without limitation, occupational health and safety authorities and to the knowledge of Loc8 there are no matters under discussion with any such authorities relating to orders, notices or similar requirements.

(j) **Restrictions on Doing Business**: Loc8 is not a party to or bound by any agreement which would restrict or limit its right to carry on any business or activity or to solicit business from any Person or in any geographical area or otherwise to conduct its business as Loc8 may determine. Loc8 is not subject to any legislation or any judgment, order or requirement of any court or governmental authority which is not of general application to Persons carrying on a business similar to the business of Loc8 or the Business. To the knowledge of Loc8, there are no facts or circumstances which could materially adversely affect the ability of Loc8 to continue to operate the Business as presently conducted following the completion of the transactions contemplated by this Agreement.

(k) **No Guarantees**: Loc8 is not a party to or bound by any agreement of guarantee, indemnification, assumption or endorsement or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any Persons.

(l) **Loc8 Material Contracts:** Loc8 has provided or made available copies of all Loc8 Material Contracts to Aylen. Loc8 is not in default or breach of any Loc8 Material Contract.

(m) **Partnerships or Joint Ventures**: Loc8 is not a partner or participant in any partnership, joint venture, profit-sharing arrangement or other association of any kind and is not party to any agreement under which Loc8 agrees to carry on any activity in such manner or by which Loc8 agrees to share any revenue or profit with any other Persons.

(n) **Contractual and Regulatory Approvals:** Except those consents which will have been obtained on or before Closing and the approval of the Loc8 Shareholders necessary to complete the Amalgamation, Loc8 is under no obligation, contractual or otherwise, to request or obtain the consent of any Persons, and no permits, licenses, certifications, authorizations or approvals of, or notifications to, any federal, provincial, state, municipal or local government or governmental agency, board, commission or authority are required to be obtained by Loc8:

  (i) in connection with the execution, delivery or performance by Loc8 of this Agreement or the completion of the Amalgamation;

(ii) to avoid the loss of any permit, licence, certification or other authorization on or as a result of closing of the Amalgamation, or

(iii) in order that the authority of Loc8 to carry on the Business in the ordinary course and in the same manner as presently conducted remains in good standing and in full force and effect as of and following the closing of the Amalgamation.

(o) **Transaction Compliance with Constating Documents, Agreements and Laws:** The execution, delivery and performance of this Agreement and each of the other agreements contemplated or referred to herein by Loc8, and the completion of the transactions contemplated hereby, will not constitute or result in a violation or breach of or default under, or cause the acceleration of any obligations of Loc8 under:

(i) any term or provision of any of the articles, by-laws or other constating documents of Loc8;

(ii) the terms of any agreement (written or oral), indenture, instrument or understanding or other obligation or restriction to which Loc8 is a party or by which it is bound; or

(iii) any term or provision of any of the Business Permits, Loc8 Material Contracts or any order of any court, governmental authority or regulatory body made against Loc8 or the Loc8 Assets or any law or regulation of any jurisdiction in which the Business is carried on which is applicable to Loc8 or the Loc8 Assets.

(p) **Shareholders' Agreements:** To the best of the knowledge of Loc8, there are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the shares of Loc8.

(q) **Materially Accurate:** All information, records and data furnished by Loc8 to Aylen, its representatives and counsel by Loc8 in connection with the negotiation of this Agreement and Aylen's due diligence review of Loc8 and the Business, were and are accurate in all material respects.

(r) **Liabilities of Loc8:** There are no liabilities, contingent or otherwise, of Loc8 of any kind whatsoever, including, without limitation, any bonds, debentures, mortgages, promissory notes, loan agreements, inter-company debt, or liabilities for Governmental Charges and there is no basis for assertion against Loc8 of any liabilities of any kind, other than:

(i) liabilities disclosed or reflected in or provided for in the Loc8 Financial Statements; and

(ii) liabilities incurred since the date of the Loc8 Financial Statements which were incurred in the ordinary course or in connection with the completion of the Amalgamation.

(s) **Bankruptcy and Insolvency Matters:** No action or proceeding has been commenced or filed by or against Loc8 or which seek or may lead to receivership, bankruptcy, a consumer proposal or any other similar proceeding in respect of Loc8, the adjustment, compromise or composition of claims against Loc8 or the appointment of a trustee, receiver, liquidator, custodian, or other similar officer for Loc8 of any portion of the Loc8 Assets. No such action or proceeding has been authorized or is being considered by or on behalf of Loc8 and no creditor or equity security holder of Loc8 has threatened to commence or advise that it may commence, any such action or proceeding. Loc8 has not made nor is considering making an assignment for the benefit of its creditors, and it has not requested nor is considering requesting a meeting of its creditors to seek a reduction, compromise, composition, or other accommodation with respect to its indebtedness.

(t) **Financial Statements:**

(i) The Loc8 Financial Statements have been prepared in accordance with IFRS and are true, correct and complete in all material respects and present fairly the financial condition of Loc8, on a consolidated basis, as of their respective dates; and

(ii) There has been no material adverse change in the financial condition of Loc8 since the date of the Loc8 Financial Statements.

(iii) Liabilities of Loc8: There are no material liabilities, contingent or otherwise, of Loc8 of any kind whatsoever, including, without limitation, any bonds, debentures, mortgages, promissory notes, loan agreements, inter-company debt, or liabilities for Governmental Charges and there is no basis for assertion against Loc8 of any liabilities of any kind, other than:

(A) liabilities disclosed or reflected in or provided for in the Loc8 Financial Statements or this Agreement; and

(B) liabilities incurred since the date of the Loc8 Financial Statements which were incurred in the ordinary course or in connection with the completion of the Amalgamation.

(u) **Absence of Certain Changes or Events:** Since the date of the Loc8 Financial Statements and except for costs incurred and actions taken in connection with the Amalgamation or as otherwise disclosed in writing to Aylen, Loc8 has not:

(i) incurred any obligation or liability, fixed or contingent, except normal trade or business obligations incurred in the ordinary course of the Business, none of which is materially adverse to Loc8;

(ii) paid or satisfied any obligation or liability, fixed or contingent, except:

(A) current liabilities included in the Loc8 Financial Statements,

(B) current liabilities incurred since the date of the Loc8 Financial Statements in the ordinary course of the Business,

(C) re-scheduled payments pursuant to obligations under loan agreements or other contracts or commitments described in the Loc8 Financial Statements; and

(D) as specifically contemplated by this Agreement;

(iii) created any material Encumbrance upon any of its properties or the Loc8 Assets;

(iv) sold, assigned, transferred, leased or otherwise disposed of any of its material properties or the Loc8 Assets;

(v) purchased, leased or otherwise acquired any material properties or assets;

(vi) waived, cancelled or written-off any material rights, claims, accounts receivable, or amounts payable to Loc8;

(vii) entered into any transaction, contract, agreement or commitment, except in the ordinary course of the Business or as contemplated by this Agreement or in connection with the Private Placement;

(viii) made any material change with respect to any method of management, operation or accounting in respect of the Business;

(ix) suffered any damage, destruction or loss (whether or not covered by insurance) which has materially adversely affected or could materially adversely affect the Business or the condition of Loc8;

(x) increased any form of compensation or other benefits payable or to become payable to any of the employees of Loc8, except increases made in the ordinary course of the Business;

(xi) made a declaration of force majeure with respect to its Business; or

(xii) authorized, agreed or otherwise become committed to do any of the foregoing.

(v) **Dividends and Distributions**: Since the date of the Loc8 Financial Statements, Loc8 has not declared or paid any dividend or made any other distribution on any of its shares of any class, or redeemed or purchased or otherwise acquired any of its shares of any class, or reduced its authorized capital or issued capital, or agreed to any of the foregoing.

(w) **Tax Matters:**

(i) Loc8 has duly and on a timely basis prepared and filed all tax returns and other documents required to be filed by them in respect of all Governmental Charges and such returns and documents are complete and correct and clearly and fairly represents the information and tax status of Loc8 for the relevant period.

(ii) Loc8 has paid all Governmental Charges which are due and payable by it on or before the date hereof. Adequate provision was made in the Loc8 Financial Statements for all Governmental Charges for the periods covered by the Loc8 Financial Statements. Loc8 has no liability for Governmental Charges other than those provided for in the Loc8 Financial Statements and those arising in the ordinary course since the date of the Loc8 Financial Statements and for which adequate provisions have been made on the books of Loc8.

(iii) All Governmental Charges, assessments, levies and source deductions, if any, which Loc8 is required by law to withhold or to collect, including, without limitation, unemployment insurance, employment benefits, pension plan payments and non-resident withholding tax, have been, to the best of its knowledge, duly withheld or collected, and paid over to the proper governmental authorities, or held by Loc8 or on behalf of it as required, and such withholdings and collections and all other payments due in connection therewith are duly reflected in the Loc8 Financial Statements to the date as of which they were prepared and since that date will be duly entered in the accounts of Loc8.

(iv) There are no agreements, waivers or other arrangements providing for any extension of time with respect to the filing of any tax return or other document or the payment of any Governmental Charges by Loc8 or the period for any assessment or reassessment of Governmental Charges.

(v) On or before the Closing Date, all returns of Loc8 for capital, excise, sales or use tax required to be filed by Loc8 before the Closing Date shall be fully prepared and filed before the Closing Date.

(x) **Litigation**: There are no judgments unsatisfied, consent decrees or injunctions or embargos to which Loc8 is subject to or bound, and there are no actions, suits or proceedings, judicial or administrative (whether or not purportedly on behalf of Loc8) pending or, to the knowledge of Loc8, threatened, by or against or affecting Loc8, at law or in equity, or before or by any court or any federal, provincial, municipal, state or other governmental department, commission, board, bureau, agency or instrumentality which will or may have a material adverse effect upon

Loc8. To the knowledge of Loc8, there are no grounds on which any such action, suit or proceeding might be commenced with any reasonable likelihood of success, including, without limitation, on the basis of a breach of privacy legislation. Loc8 is not subject to any judgment, order, writ, injunction or decree of any court or government body which would prevent the discharge of the obligations arising pursuant to this Agreement or the consummation of the transactions herein contemplated.

(y) **Listing Statement**. The Listing Statement, as and when filed on SEDAR, will contain disclosure of all facts relating to Loc8 as are required to be disclosed therein pursuant to the policies of the Exchange. All information about Loc8 in the Listing Statement will be true and correct.

(z) **No Misrepresentation**. The covenants, representations and warranties of Loc8 contained in Section 3.1 hereof and elsewhere in this Agreement, and in any Certificate executed by Loc8 or other material delivered by Loc8 under this Agreement, do not contain any untrue statement of a material fact or, considered in the context in which presented, omit to state a material fact necessary in order to make the statements and information contained herein or therein not misleading.

ARTICLE 4
REPRESENTATIONS, WARRANTIES AND COVENANTS OF AYLEN

4.1 Representations, Warranties and Covenants of Aylen

Aylen hereby represents and warrants to Loc8 as follows, and Aylen confirms that Loc8 is relying upon the accuracy of each of such representations and warranties in connection with the completion of the transactions hereunder:

(a) **Incorporation**: Aylen is incorporated, existing and in good standing under the *Canada Business Corporations Act*. Newco is incorporated, existing and in good standing under the *Business Corporations Act* (Ontario).

(b) **Status, Constating Documents**: Aylen has all necessary corporate power to own its assets and to carry on its businesses as it is now being conducted. The articles, by laws and other constating documents of each of Aylen and Newco as made available to Loc8 are complete and accurate.

(c) **Authority and Binding Obligation**: Each of Aylen and Newco has good right, full corporate power and absolute authority to enter into this Agreement and to perform all of its obligations under this Agreement. Each of Aylen and Newco and their respective boards of directors have taken all necessary or desirable actions, steps and corporate and other proceedings to approve or authorize, validly and effectively, the entering into, and the execution, delivery and performance of this Agreement.

(d) **Corporate Records**: As of the date hereof, the corporate records and minute books of Aylen and Newco, are materially complete and accurate. The share certificate books, registered of security holders, register of transfers and register of directors and any similar corporate records of Aylen and Newco are complete and accurate in all material respects.

(e) **Authorized and Issued Capital**: As of the date hereof, the authorized capital of Aylen consists of an unlimited number of common shares. The issued capital of Aylen consists of 16,856,632 common shares, all of which have been duly issued and are outstanding as fully paid and non-assessable shares. As of the date hereof, the authorized capital of Newco consists of an unlimited number of common shares. The issued capital of Newco consists of 1 common share which is legally and beneficially owned by Aylen and which has been duly issued and is outstanding as a fully paid and non- assessable share.

(f) **No Options**: Neither of Aylen nor Newco has any outstanding subscriptions, options, rights, warrants or other agreements or commitments obligating Aylen or Newco to sell or issue any additional shares or securities of any class of Aylen or Newco or any securities convertible into any shares of any class of Aylen or Newco other than options to purchase up to 1,185,663 Aylen Shares at $0.01 per Aylen Share and 600,000 Aylen Shares at $0.02 per Aylen Share issued pursuant to the Aylen Option Plan.

(g) **Subsidiaries and Other Interests**: Aylen has no subsidiaries other than Grapevine and Newco and does not own any securities issued by, or any equity or ownership interest in, any other Persons. Newco has no subsidiaries and does not own any securities issued by, or any equity or ownership interest in, any other Persons. Neither of Aylen nor Newco is subject to any obligation to make any investment in or to provide funds by way of loan, capital contribution or otherwise to any Persons.

(h) **Title to Aylen Assets by Aylen**: Aylen is the owner of and has good and marketable title to all of the Aylen Assets, including, without limitation, all Aylen Assets reflected in the Aylen Financial Statements and all Aylen Assets acquired by Aylen after the date of the Aylen Financial Statements, including the assets of the Grapevine business which were transferred to Grapevine on July 1, 2020.

(i) **No Orders**: There are no outstanding material orders, notices or similar requirements relating to Aylen, Newco or the Aylen Assets issued by any federal, state, provincial or municipal authority including, without limitation, occupational health and safety authorities and to the knowledge of Aylen there are no matters under discussion with any such authorities relating to orders, notices or similar requirements.

(j) **Restrictions on Doing Business**: Aylen is not a party to or bound by any agreement which would restrict or limit its right to carry on any business or activity or to solicit business from any Person or in any geographical area or otherwise to conduct its business as Aylen may determine. Aylen is not subject to any legislation or any judgment, order or requirement of any court or governmental authority which is not of general application to Persons carrying on a business similar to the business of

Aylen or the Business. To the knowledge of Aylen, there are no facts or circumstances which could materially adversely affect the ability of Aylen to continue to operate the Business as presently conducted following the completion of the transactions contemplated by this Agreement.

(k) **No Guarantees**: Aylen is not a party to or bound by any agreement of guarantee, indemnification, assumption or endorsement or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any Persons.

(l) **Aylen Material Contracts**: Aylen has provided or made available copies of all Aylen Material Contracts to Loc8. Aylen is not in default or breach of any Aylen Material Contract.

(m) **Newco**: Other than this Agreement, Newco is not party to any agreement or contract of any kind and has no assets or liabilities. Newco was incorporated for the sole purpose of executing this Agreement and completing the Amalgamation.

(n) **Partnerships or Joint Ventures**: Aylen is not a partner or participant in any partnership, joint venture, profit-sharing arrangement or other association of any kind and is not party to any agreement under which Aylen agrees to carry on any activity in such manner or by which Aylen agrees to share any revenue or profit with any other Persons.

(o) **Contractual and Regulatory Approvals**: Other than Exchange approval, Aylen is not under any obligation, contractual or otherwise, to request or obtain the consent of any Persons, and no permits, licenses, certifications, authorizations or approvals of, or notifications to, any federal, provincial, state, municipal or local government or governmental agency, board, commission or authority are required to be obtained by Aylen in connection with the execution, delivery or performance by Aylen of this Agreement or the completion of the Amalgamation.

(p) **Transaction Compliance with Constating Documents, Agreements and Laws**: The execution, delivery and performance of this Agreement and each of the other agreements contemplated or referred to herein by Aylen, and the completion of the transactions contemplated hereby, will not constitute or result in a violation or breach of or default under, or cause the acceleration of any obligations of Aylen under:

(i) any term or provision of any of the articles, by-laws or other constating documents of Aylen;

(ii) the terms of any agreement (written or oral), indenture, instrument or understanding or other obligation or restriction to which Aylen is a party or by which it is bound; or

(iii) subject to obtaining the regulatory consents from the Exchange, any term or provision of any of the Aylen Material Contracts or any order of any court, Governmental Authority or regulatory body or any law or regulation to which Aylen is subject.

(q) **Shareholders' Agreements:** To the best of the knowledge of Aylen, there are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the shares of Aylen.

(r) **Materially Accurate:** All information, records and data furnished to Loc8 or its representatives and counsel pursuant to this Agreement, are accurate in all material respects.

(s) **Aylen Financial Statements:**

(i) the Aylen Financial Statements have been prepared in accordance with IFRS, are true, correct and complete in all material respects and present fairly the financial condition of Aylen as of the respective dates thereof; and

(ii) there has been no material adverse change to the financial condition of Aylen since the date of the Aylen Financial Statements.

(t) **Liabilities of Aylen:** There are no liabilities, contingent or otherwise, of Aylen of any kind whatsoever, including, without limitation, any bonds, debentures, mortgages, promissory notes, loan agreements, inter-company debt, or liabilities for Governmental Charges and there is no basis for assertion against Aylen of any liabilities of any kind, other than:

(i) liabilities disclosed or reflected in or provided for in the Aylen Financial Statements; and

(ii) liabilities incurred since the date of the Aylen Financial Statements which were incurred in the ordinary course or in connection with the completion of the Amalgamation.

(u) **Bankruptcy and Insolvency Matters:** No action or proceeding has been commenced or filed by or against Aylen or which seek or may lead to receivership, bankruptcy, a consumer proposal or any other similar proceeding in respect of Aylen, the adjustment, compromise or composition of claims against Aylen or the appointment of a trustee, receiver, liquidator, custodian, or other similar officer for Aylen of any portion of the Aylen Assets. No such action or proceeding has been authorized or is being considered by or on behalf of Aylen and no creditor or equity security holder of Aylen has threatened to commence or advise that it may commence, any such action or proceeding. Aylen has not made nor is considering making an assignment for the benefit of its creditors, and it has not requested nor is considering requesting a meeting of its creditors to seek a reduction, compromise, composition, or other accommodation with respect to its indebtedness.

(v) **Broker's Fees:** Aylen has not incurred any obligation or liability, contingent or otherwise for broker's or finder's fees in respect of the Fundamental Change except as otherwise provided for herein.

(w) **Absence of Certain Changes or Events:** Other than in contemplation of the Amalgamation, since the date of the Aylen Financial Statements, Aylen has not:

(i) incurred any obligation or liability, fixed or contingent, except normal trade or business obligations incurred in the ordinary course none of which is materially adverse to Aylen;

(ii) paid or satisfied any obligation or liability, fixed or contingent, except:

(A) current liabilities included in the Aylen Financial Statements;

(B) current liabilities incurred since the date of the Aylen Financial Statements in the ordinary course, and

(C) re-scheduled payments pursuant to obligations under loan agreements or other contracts or commitments described in the Aylen Financial Statements;

(iii) created any Encumbrance upon any of the Aylen Assets;

(iv) other than the assets of the Grapevine business which were transferred to Grapevine on July 1, 2020, sold, assigned, transferred, leased or otherwise disposed of any of the Aylen Assets except in the ordinary course;

(v) purchased, leased or otherwise acquired any properties or assets;

(vi) waived, cancelled or written-off any material rights, claims, accounts receivable or any amounts payable to Aylen;

(vii) entered into any transaction, contract, agreement or commitment, except in the ordinary course, except for the creation of Newco as a wholly owned subsidiary;

(viii) suffered any extraordinary loss relating to the Aylen Assets;

(ix) made or incurred any material change in, or become aware of any event or condition which is likely to result in a material change in the condition of Aylen, or

(x) authorized, agreed or otherwise become committed to do any of the foregoing.

(x) **Dividends and Distributions:** Aylen has never declared or paid any dividend or made any other distribution on any of its shares of any class, or redeemed or purchased or otherwise acquired any of its shares of any class, or reduced its authorized capital or issued capital, or agreed to any of the foregoing.

(y) **Tax Matters:**

(i) Aylen has duly and on a timely basis prepared and filed all tax returns and other documents required to be filed by them in respect of all Governmental Charges and such returns and documents are complete and correct and clearly and fairly represents the information and tax status of Aylen for the relevant period.

(ii) Aylen has paid all Governmental Charges which are due and payable by it on or before the date hereof. Adequate provision was made in the Aylen Financial Statements for all Governmental Charges for the periods covered by the Aylen Financial Statements. Aylen has no liability for Governmental Charges other than those provided for in the Aylen Financial Statements and those arising in the ordinary course since the date of the Aylen Financial Statements and for which adequate provisions have been made on the books of Aylen.

(iii) All Governmental Charges, assessments, levies and source deductions, if any, which Aylen is required by law to withhold or to collect, including, without limitation, unemployment insurance, employment benefits, pension plan payments and non-resident withholding tax, have been, to the best of its knowledge, duly withheld or collected, and paid over to the proper governmental authorities, or held by Aylen or on behalf of it as required, and such withholdings and collections and all other payments due in connection therewith are duly reflected in the Aylen Financial Statements to the date as of which they were prepared and since that date will be duly entered in the accounts of Aylen.

(iv) There are no agreements, waivers or other arrangements providing for any extension of time with respect to the filing of any tax return or other document or the payment of any Governmental Charges by Aylen or the period for any assessment or reassessment of Governmental Charges.

(v) On or before the Closing Date, all returns of Aylen for capital, excise, sales or use tax required to be filed by Aylen before the Closing Date shall be fully prepared and filed before the Closing Date.

(z) **Litigation:** There are no judgments unsatisfied, consent decrees or injunctions or embargos to which Aylen is subject to or bound, and there are no actions, suits or proceedings, judicial or administrative (whether or not purportedly on behalf of Aylen) pending or, to the knowledge of Aylen, threatened, by or against or affecting it, at law or in equity, or before or by any court or any federal, provincial, municipal, state or other governmental department, commission, board, bureau, agency or instrumentality. To the knowledge of Aylen, there are no grounds on which any such action, suit or proceeding might be commenced with any reasonable likelihood of success. Aylen is not subject to any judgment, order, writ, injunction or decree of any court or government body which would prevent the discharge of the obligations arising pursuant to this Agreement or the consummation of the transactions herein contemplated.

(aa) **Reporting Issuer Status:**

(i) Aylen is a reporting issuer in all of the Provinces of Canada [needs to be checked] and no material change relating to Aylen has occurred with respect to which the requisite material change report has not been filed under applicable securities laws in such provinces and no such disclosure is currently on file with any securities commissions of such provinces on a confidential basis;

(ii) All press releases, material change reports, financial statements and other documents filed by, or on behalf of, Aylen with the securities commissions of all of the Provinces of Canada were, at the respective dates of such filings, true and correct in all material respects and collectively provide disclosure of all material facts relating to Aylen required to be disclosed in accordance with applicable securities laws in such provinces and each such document did not contain any misrepresentation as of the respective dates of such filings;

(iii) The outstanding Aylen Shares are listed for trading on the Exchange

(iv) Except for a trading halt required by the Exchange for this transaction, there are no current orders ceasing or suspending trading in the securities of Aylen nor prohibiting the sale of such securities has been issued to Aylen or its directors, officers or promoters and, to the best of the knowledge of Aylen, no investigations or proceedings for such purposes are pending or threatened; and

(v) Aylen is not in material default of any applicable securities legislation of the Provinces of Canada or of its listing agreement with the Exchange or any policies of the Exchange.

(bb) **Duly Authorized.** The Aylen Shares to be issued in exchange for Loc8 Shares in connection with the Amalgamation will be, at the Time of Closing, duly authorized, validly allotted and issued as fully paid, non-assessable shares in the share capital of Aylen and in compliance with applicable Canadian corporate and securities laws.

(cc) **Listing Statement.** The Listing Statement, as and when filed on SEDAR, will contain disclosure of all facts relating to Aylen as are required to be disclosed therein pursuant to the policies of the Exchange. All information about Aylen in the Listing Statement will be true and correct.

(dd) **Special Meeting.** Aylen shall convene a special meeting of shareholders of Aylen as soon as possible to approve the following: (i) the Fundamental Change; (ii) the Consolidation; and (iii) the Name Change.

(ee) **No Misrepresentation.** The covenants, representations and warranties of Aylen contained in Section 4.1 hereof and elsewhere in this Agreement, and in any Certificate executed by Aylen or other material delivered by Aylen under this Agreement, do not contain any untrue statement of a material fact or, considered in the context in which presented, omit to state a material fact necessary in order to make the statements and information contained herein or therein not misleading.

ARTICLE 5
COMPLETION OF ACQUISITION

5.1 Mutual Conditions

The obligation of each of Aylen, Newco and Loc8 to complete the transactions contemplated by this Agreement, is subject to the fulfillment of each of the following conditions precedent, unless waived in writing by Aylen, Newco or Loc8, as applicable:

(a) **Private Placement**. Loc8 shall have completed the Private Placement.

(b) **Approvals**. At the Time of Closing, there shall have been obtained the written consents or approvals, in form and substance satisfactory to each of Aylen, Newco and Loc8, acting reasonably, of any governmental or regulatory agency or Persons whose consent, waivers, forbearance or other approval to the transactions contemplated hereby is required (including pursuant to any contract), and all conditions imposed upon such consents, waivers, forbearance or other approvals shall have been satisfied, including without limitation, the Exchange;

(c) **Listing of Securities**. The Resulting Issuer Shares issuable in connection with the Amalgamation, including but not limited to

(i) the Resulting Issuer Shares to be issued in exchange for Loc8 Shares; and

(ii) the Resulting Issuer Shares issuable on exercise of •

(d) **No Prohibition at Law**. At the Time of Closing, no prohibition at law against the completion of the transactions contemplated by this Agreement shall be in existence;

(e) **Closing**. The Closing shall occur on or prior to November 30, 2020 unless Loc8 and Aylen mutually agree in writing to a later date; and

(f) **Escrow**. Any Person who will be a post-Closing shareholder of the Resulting Issuer which is required by the Exchange to sign an escrow agreement in accordance with the policies of the Exchange shall have signed and delivered such agreement.

5.2 Aylen's Conditions

The obligation of Aylen to complete the transactions contemplated by this Agreement, is subject to the fulfillment of each of the following conditions precedent, unless waived in writing by Aylen:

(a) **Loc8's Representations, Warranties and Covenants**. At the Time of Closing, Loc8 shall have executed, delivered and performed all covenants on its part to be performed hereunder and all representations and warranties contained in Section 3.1 shall be true and correct at the Time of Closing, with the same effect as if made on and as of such date, and a certificate to that effect signed by a duly authorized officer of Loc8 shall have been delivered to Aylen as of the Time of Closing;

(b) **No Material Change**. At the Time of Closing, there shall not have been any material adverse change in the condition (financial or otherwise), of the Loc8 Assets, liabilities, capitalization, or Business from that described in this Agreement and a Certificate to that effect signed by a duly authorized officer of Loc8 shall have been delivered to Aylen as of the Time of Closing;

(c) **Corporate Proceedings**. At the Time of Closing, all necessary steps and corporate proceedings shall have been taken by Loc8, its board of directors and shareholders to permit the closing of the Amalgamation;

(d) **Inspection of Financial Books and Records**. Until and including the Time of Closing, Loc8 shall make available to Aylen all material books, accounts, records and other financial and accounting data of Loc8 (including all available unaudited financial statements) in order to enable such representatives to make an examination of the same and shall cause the accountants of Loc8 to give all such material information concerning the affairs of same to such representatives as such representatives may reasonably request;

(e) **Inspection of Non-Financial Books and Records**. Until and including the Time of Closing, Loc8 shall make available to Aylen all Loc8 Documents, minute books and other corporate records and all documents of title and related records and other material data of Loc8 in order to enable Aylen to make an examination of the same and without limiting the generality of the foregoing, including such technical and market information as Aylen considers appropriate;

(f) **No Investigations**. At the Time of Closing, there shall be no inquiry or investigation (either formal or informal), in relation to Loc8 or any of their respective directors or officers, commenced or threatened by any officer or official of the Exchange, any Securities Commission, or any similar regulatory body having jurisdiction such that the outcome of such inquiry or investigation could have a material adverse effect on Loc8, Aylen or the Resulting Issuer upon Closing;

(g) **Aylen Sale**. The Aylen Sale shall have been completed prior to the Time of Closing; and

(h) **Closing Documents**. Loc8 shall have executed and delivered to Aylen all documents as Aylen may reasonably request for the purposes of completing the Amalgamation in accordance with the terms of this Agreement.

If any such conditions shall not be fulfilled or waived in writing by Aylen at or prior to the Time of Closing, Aylen may rescind this Agreement by written notice to Loc8 and, in such event, Aylen and Loc8 shall be released from all obligations hereunder.

5.3 Loc8's Conditions

The obligations of Loc8 to complete the transactions contemplated herein, are subject to the fulfillment of the following conditions precedent, unless waived in writing by Loc8:

(a) **Aylen's Representations, Warranties and Covenants.** At the Time of Closing, Aylen shall have executed, delivered and performed all covenants on its part to be performed hereunder and all representations and warranties contained in Section 4.1 shall be true and correct at the Time of Closing, with the same effect as if made on and as of such date, and a certificate to that effect signed by a duly authorized officer of Aylen shall have been delivered to Loc8 as of the Time of Closing;

(b) **No Material Change**. At the Time of Closing, there shall not have been any material adverse change in the condition (financial or otherwise), of the Aylen Assets, liabilities or capitalization from that described in this Agreement and a Certificate to that effect signed by a duly authorized officer of Aylen shall have been delivered to Loc8 as of the Time of Closing;

(c) **Corporate Proceedings**. At the Time of Closing, all necessary steps and corporate proceedings, as approved by Loc8, shall have been taken to permit the Resulting Issuer Securities to be duly and regularly issued by the Resulting Issuer as contemplated in this Agreement;

(d) **Inspection of Financial Books and Records**. Until and including the Time of Closing, Aylen shall make available to Loc8 all material books, accounts, records and other financial and accounting data of Aylen and Newco (including all available unaudited financial statements) in order to enable such representatives to make an examination of the same and shall cause the accountants of Aylen to give all such material information concerning the affairs of same to such representatives as such representatives may reasonably request;

(e) **Inspection of Non-Financial Books and Records**. Until and including the Time of Closing, Aylen shall make available to Loc8 all Aylen and Newco documents, minute books and other corporate records and all documents of title and related records and other material data of Aylen and Newco in order to enable Loc8 to make an examination of the same;

(f) **No Investigations**. At the Time of Closing, there shall be no inquiry or investigation (either formal or informal), in relation to Aylen, Newco or any of their directors or officers, commenced or threatened by any officer or official of the

Exchange, any Securities Commission, or any similar regulatory body having jurisdiction such that the outcome of such inquiry or investigation could have a material adverse effect on Aylen or Newco;

(g) **Closing Documents**. Aylen and Newco shall have executed and delivered to Loc8 all documents as Loc8 may reasonably request for the purposes of completing the Amalgamation in accordance with the terms of this Agreement.

(h) **Name Change and Consolidation**. Aylen shall have filed articles of amendment implementing the Name Change and Consolidation;

(i) **Resignation and Appointment of Officers and Directors**. Aylen shall have delivered:

(i) resignation by of all current officers of Aylen to take effect on Closing; and

(ii) resignation of all current directors of Aylen to take effect on Closing;

which resignations shall be staged in such a manner that new directors as directed by Loc8 can be appointed by the remaining board members to fill each vacancy and the board members of Aylen shall have signed such resolutions as may be necessary to give effect to this reorganization of the Aylen board on Closing; and

(j) John Pennal shall provide a release from any amounts owing under the employment agreement between Aylen and John Pennal or under any applicable employment laws.

If any such conditions shall not be fulfilled or waived in writing by Loc8 at or prior to the Time of Closing, Loc8 may rescind this Agreement by written notice to Aylen and, in such event, Aylen and Loc8 shall be released from all obligations hereunder.

ARTICLE 6
INTERIM OPERATIONS

6.1 Loc8 Carrying on Business to Closing

(a) Up to the Time of Closing, Loc8 shall (1) carry on the Business in the normal and ordinary course; (2) preserve the ongoing goodwill of Loc8; and (3) ensure that key employees, if any, and key independent contractors continue their association with Loc8 and Loc8 undertakes to notify Aylen of any event or occurrence during such period which might reasonably be considered to have a materially adverse effect on the Loc8 Assets or the Business.

(b) Unless otherwise contemplated herein or approved by Aylen in writing, which approval shall not be unreasonably withheld, during the period from the date hereof until the earlier of the Closing Date or termination of this Agreement, Loc8 shall not:

(i) purchase, cancel, retire, redeem or otherwise acquire any outstanding securities, rights, options, warrants or other securities of Loc8 other than as contemplated herein;

(ii) change, amend or modify the charter documents or by-laws of Loc8;

(iii) merge or amalgamate with or agree to merge or amalgamate with, or purchase substantially all of the assets of, or otherwise acquire any business; or sell or lease or agree to sell or lease, any material properties or assets or approve or undertake any other material transaction or furnish or cause to be furnished any information concerning the business, properties or assets of any Persons (other than to Aylen) which is interested in any such transactions;

(iv) except as required by law, not to initiate, propose, assist or participate in any activities in opposition to or in competition with this Agreement, and without limiting the generality of the foregoing, to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Amalgamation and not to take actions of any kind which may reduce the likelihood of success of the Amalgamation; or

(v) do anything that would cause any of the representations and warranties of Loc8 contained in this Agreement to be false or misleading.

(c) Loc8 shall provide to Aylen upon request such information as may be necessary for Aylen to include in the Listing Statement or to satisfy any other requirements of the Exchange or applicable securities laws.

6.2 Cooperation

Aylen and Loc8 shall use their best efforts to assist and cooperate in obtaining all necessary consents, assignments, waivers, amendments or terminations to any instruments or take such other measures as may be appropriate to fulfill their obligations and carry out the transactions contemplated hereunder.

ARTICLE 7
TERMINATION AND WAIVER

7.1 Termination

(a) The parties hereto may terminate this Agreement at any time prior to Closing upon written agreement of all the parties. In addition, this agreement shall terminate automatically if the Amalgamation is not closed by 5:00pm (Toronto time) on November 30, 2020 or such later date as Aylen and Loc8 may agree upon in writing.

(b) If, at any time prior to Closing, any representation and warranty, or covenant (which by its terms must be complied with or fulfilled at such time), made or given by Loc8 in this Agreement is not, in the case of a representation and warranty true and correct with the same force and effect as if given at and of such time, and, in the case of a covenant, is not being complied with or fulfilled in all material respects and if such representation and warranty or covenant is not made true and correct or complied with or fulfilled in all material respects by action of Loc8 within 20 days of Loc8 receiving notice to that effect from Aylen, then Aylen, at the expiry of such period, by giving notice to Loc8, may terminate this Agreement and its obligations hereunder.

(c) If, at any time prior to Closing, any representation and warranty, or covenant (which by its terms must be complied with or fulfilled at such time), made or given by Aylen in this Agreement is not, in the case of a representation and warranty true and correct with the same force and effect as if given at and of such time, and, in the case of a covenant, is not being complied with or fulfilled in all material respects and if such representation and warranty or covenant is not made true and correct or complied with or fulfilled in all material respects by action of Aylen within 20 days of Aylen receiving notice to that effect from Loc8, then Loc8, at the expiry of such period, by giving notice to Aylen, may terminate this Agreement and its obligations hereunder.

(d) If this Agreement is terminated, this Agreement will forthwith have no further force or effect and there will be no obligation on the part of Loc8 or Aylen hereunder.

(e) Nothing in this Section 7.1 will relieve any party from liability for any breach of this Agreement.

7.2 Amendment

This Agreement may be amended by mutual agreement between the parties hereto. This Agreement may not amended except by an instrument in writing signed by the appropriate officers on behalf of each of the parties hereto.

7.3 Waiver

Either of Aylen or Loc8 may:

(a) extend the time for the performance of any of the obligations or other acts of the other;

(b) waive compliance with any of the other's agreement or the fulfilment of any conditions to its own obligations contained herein; or

(c) waive inaccuracies in any of the other's representations or warranties contained herein or in any document delivered by the other party hereto;

provided, however, that any such extension or waiver will be valid only if set forth in an instrument in writing signed on behalf of such party.

ARTICLE 8
INDEMNIFICATION

8.1 Pennal and Grapevine shall be liable to, and as a separate and independent covenant shall indemnify Aylen, Newco and Loc8 (as indemnified parties) against all losses, including any taxes, arising out of the transfer of Grapevine and its business from Aylen to Pennal.

ARTICLE 9
GENERAL

9.1 Expenses

Each party hereto shall pay all reasonable costs and expenses related to the legal and audit fees and other charges and expenses incurred by such party in connection with the preparation of this Agreement, all negotiations between the parties and the completion of the transactions contemplated hereby.

9.2 Time of the Essence

Time shall be of the essence of this Agreement.

9.3 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario.

9.4 Counterparts and Delivery

This Agreement may be executed in several counterparts and delivered by a facsimile copy of an original execution page bearing the signature of each party hereto, each of which when so executed shall be deemed to be an original, and such counterparts or facsimile copies thereof together shall comprise one and the same instrument and, notwithstanding their date of execution, shall be deemed to bear the date as of the date above written.

9.5 Notices

Any notice required or permitted to be given by a party hereto to the other shall be given in writing and addressed:

(a) if to Aylen at:

Aylen Capital Inc.
Suite 2502, Scotia Plaza
Toronto, Ontario
M5H 3Y2
Attention: John Pennal

(b) if to Loc8 at:

Loc8 Corp.
77 King Street West, Suite 3000
Toronto, Ontario
M5K 1G8
Attention: Rahul Kushwah

Any such notice shall be delivered by hand or by prepared courier or mailed by prepaid registered post. Any notice delivered as aforesaid shall be deemed to have been received by the party hereto to which it is so delivered at the time on the date of its being so delivered. Any notice mailed as aforesaid shall be deemed to have been received by the party hereto to which it is so mailed on the fifth business day next following the time on the date of it being so mailed. Any party may change its address for notice by giving notice to that effect.

9.6 Enurement

This Agreement shall enure to the benefit of the parties, their respective heirs, successors and permitted assigns.

9.7 Further Assurances

The parties hereto will from time to time, on and after the Closing Date, at the request and expense of the other parties hereto, execute and deliver all such other additional instruments, notices, releases, acquaintances and other documents and shall do all such other acts and things as may be reasonably necessary to carry out the terms and conditions of this Agreement in accordance with their true intent.

9.8 Public Announcement

(a) No news release or public announcement with respect the subject matter of this Agreement shall be made by either party, without the prior approval of the other parties.

(b) Notwithstanding the foregoing, the parties may disclose any information required to be disclosed to any federal, provincial, state or local government or governmental agency or regulatory body, branch, board, agency or necessary to comply with applicable law.

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

AYLEN CAPITAL INC.

Per: /s/ *Richard Sutin*

Name: Richard Sutin
Title: Chief Executive Officer

LOC8 CORP.

Per: /s/ *Rahul Kushwah*

Name: Rahul Kushwah
Title: CEO

2774951 ONTARIO LIMITED

Per: /s/ *Richard Sutin*

Name: Richard Sutin
Title: Authorized Signing Officer

Redacted: Witness Information

Witness

/s/ John Pennal

JOHN PENNAL

SCHEDULE "A"
AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT is made as of the ► day of ►, 2020 by and among Aylen Capital Inc. ("**Aylen**"), 2774951 Ontario Limited ("**Newco**") and Loc8 Corp. ("**Loc8**").

WHEREAS Newco and Loc8 are each incorporated under the OBCA (as hereinafter defined);

AND WHEREAS Newco is a wholly owned subsidiary of Aylen;

AND WHEREAS Newco and Loc8 propose to amalgamate and continue as one corporation pursuant to the OBCA upon the terms and subject to the conditions hereinafter set out; and

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, in consideration of the mutual covenants and agreements hereinafter set out, the parties hereto covenant and agree as follows:

1. Definitions.

In this Agreement, including the recitals hereto, the following words and expressions shall have the respective meanings ascribed to them below:

"**Aylen Option Plan**" means the stock option plan of Aylen;

"**Aylen Shares**" means the common shares in the capital of Aylen;

"**Acquisition Agreement**" means the Acquisition Agreement dated September 2nd, 2020 between the parties hereto;

"**Agreement**" means this agreement as the same may be amended, modified or supplemented from time to time;

"**Amalco Shares**" means the common shares in the capital of the Amalgamated Corporation;

"**Amalgamated Corporation**" means the corporation resulting from the Amalgamation;

"**Amalgamation**" means the amalgamation of Newco and Loc8 contemplated by this Agreement;

"**Business Day**" means a day which is not a Saturday, Sunday or a statutory holiday in the Province of Ontario or the City of Toronto;

"**Certificate of Amalgamation**" means the articles of amalgamation endorsed with a certificate by the Director in respect of the Amalgamation;

"**Director**" means the Director appointed under Section 278 of the OBCA;

"**Effective Date**" means the date of the Certificate of Amalgamation;

"**Exchange**" means the CSE;

"**Fundamental Change**" means the Amalgamation and the other transactions provided for herein;

"**Loc8 Shares**" means all of the shares in the capital of Loc8 outstanding at the Time of Closing;

"**Loc8 Subscription Receipts**" means the subscriptions receipts of Loc8 issued to the subscribers under the Private Placement, with each Subscription Receipt automatically converted into a Loc8 Share immediately prior to the completion of the Amalgamation;

"**Meeting**" means the meeting of shareholders of Loc8 held on ____, 2020 to, among other things, consider and approve the Amalgamation;

"**Newco Shares**" means the common shares in the capital of Newco;

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended;

"**Private Placement**" means the private placement of Loc8 Subscription Receipts for minimum gross proceeds of a minimum of $1,000,000 at an issue price of $0.30 per Subscription Receipt;

"**Registrar and Transfer Agent**" means Computershare Trust Company of Canada, and any other Person which may be appointed as registrar and transfer agent of Aylen as applicable, from time to time;

"**Resulting Issuer**" means Aylen as it exists upon completion of the Amalgamation to be known as "DeepSpatial Inc."., or such other name determined by the board of directors of the Resulting Issuer;

"**Resulting Issuer Securities**" means the Resulting Issuer Shares;

"**Resulting Issuer Shares**" means the common shares of the Resulting Issuer including those issued upon the Amalgamation;

"**Share Exchange Ratio**" means one (1) Aylen common share for each Loc8 Share;

"**U.S. Person**" means a U.S. person as defined in Rule 902(k) of Regulation S under the U.S. Securities Act; and

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

2. Amalgamation.

Newco and Loc8 hereby agree to amalgamate and continue as one corporation under the provisions of the OBCA on the date first above written upon the terms and subject to the conditions hereinafter set out.

3. Name.

The name of the Amalgamated Corporation shall be "DeepSpatial (Ontario) Inc.."

4. Registered Office.

The registered office of the Amalgamated Corporation shall be located at 77 King Street West, Suite 3000, Toronto, Ontario, M5K 1G8.

5. Authorized Capital.

The authorized capital of the Amalgamated Corporation shall consist of an unlimited number of Amalco Common Shares. The rights, privileges, restrictions and conditions attaching to the Amalco Shares are set forth in Schedule 1 to this Agreement.

6. Restrictions on Shares.

There are no restrictions on the issue, transfer or ownership of Amalco Shares set out in the Certificate of Amalgamation.

7. Directors.

The board of directors of the Amalgamated Corporation shall consist of a minimum of one director and a maximum of ten directors. The number of directors of the Amalgamated Corporation and the number of directors to be elected at the annual meeting of the shareholders of the Amalgamated Corporation or by the signing of a resolution in lieu thereof, until changed in accordance with the OBCA, shall be two (2).

8. First Directors.

The name and address of each of the first directors of the Amalgamated Corporation shall be as follows:

Name	Address
Rahul Kushwah	[to be inserted]
Sheldon Kales	[to be inserted]

Each of the said first directors shall hold office until the first annual meeting of the shareholders of the Amalgamated Corporation, or until a successor is elected or appointed. The subsequent directors shall be elected in accordance with the provisions of the OBCA. The affairs and business of the Amalgamated Corporation shall be under the management of the board of directors of the Amalgamated Corporation from time to time, subject to the provisions of the OBCA.

9. Business.

There shall be no restrictions on the business which the Amalgamated Corporation is authorized to carry on or on the powers which the Amalgamated Corporation may exercise.

10. Entitlements on Amalgamation.

Upon the terms and subject to the conditions set forth herein, at the time of the Amalgamation,

(a) Resulting Issuer Shares shall be issued to Loc8 Shareholders in exchange for the delivery to Aylen of all of the issued and outstanding Loc8 Shares, including the Loc8 Shares to be issued on conversion of the Loc8 Subscription Receipts (except for Loc8 Shares held by holders that have validly exercised their dissent rights in connection with the Meeting). The aggregate number of Resulting Issuer Shares to be issued in exchange for the issued and outstanding Loc8 Shares shall be determined by multiplying the number of Loc8 Shares issued and outstanding at the time of Closing by the Share Exchange Ratio. No fractional Resulting Issuer Shares will be issued. To the extent any Loc8 Shareholder would otherwise be entitled to receive a fractional number of Resulting Issuer Shares on Closing of the Amalgamation, the number of Resulting Issuer Shares to be issued to such Loc8 Shareholder shall be rounded to the nearest whole Resulting Issuer Share; and

(b) each issued and outstanding Newco Share will be converted into one (1) Amalco Common Share and each Newco Share will be cancelled without reimbursement of the capital in respect thereof.

Loc8 Shares held by holders who have validly exercised their dissent rights in connection with the applicable shareholder resolution to approve the Amalgamation in accordance with the OBCA will not be exchanged pursuant to this Section 10. However, if any such dissenting holder fails to perfect or effectively withdraws its claim pursuant to the OBCA or forfeits its right to make a claim under the OBCA or if its rights as a shareholder of Loc8 are otherwise reinstated, the Loc8 Shares held by such holders shall thereupon be deemed to have been exchanged as of the time of the Amalgamation in accordance with this Section.

11. Certificates

At the time of Amalgamation:

(a) the registered holders of Loc8 Shares shall cease to be holders Loc8 Shares, and shall be deemed to be registered holders of Resulting Issuer Shares to which they are entitled in accordance with Section 10 hereof, all certificates evidencing Loc8 Shares shall be null and void, and on or after the effective time of the Amalgamation, subject to the provisions of any escrow requirement, if applicable, the Resulting Issuer shall provide instructions to the Resulting Issuer Registrar and Transfer Agent to deliver such certificates or other evidence of ownership representing the number of Resulting Issuer Shares to which they are so entitled and/or register the holders thereof and

(b) notwithstanding the foregoing, all certificates representing Loc8 Shares held by persons who have validly exercised their dissent rights in connection with the Meeting shall represent only the right to receive fair value of the Loc8 Shares formerly represented by such certificates in accordance with the OBCA.

12. Stated Capital.

The stated capital in respect of the Amalco Common Shares will be equal to the aggregate stated capital of the Newco Shares and the Loc8 Shares immediately prior to the Amalgamation.

13. By-laws.

The by-laws of Loc8 shall be the by-laws of the Amalgamated Corporation with such amendments thereto as may be necessary to give effect to this Agreement until repealed, amended, altered or added to.

14. Articles of Amalgamation.

Upon the shareholders of Loc8 and the shareholder of Newco approving, by special resolution, the Amalgamation, this Agreement and any variations thereof, and provided that the conditions to the completion of the Amalgamation specified herein and in the Acquisition Agreement have then been satisfied or waived, Newco and Loc8 shall jointly file, in duplicate, with the Director, articles of amalgamation in prescribed form providing for the Amalgamation and such other documents as may be required pursuant to the OBCA.

15. Amendment.

This Agreement may at any time and from time to time before or after the holding of the Meeting be amended by written agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of their respective shareholders and any such amendment may, without limitation, change the time for performance of any of the obligations or acts of the parties hereto or waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the parties hereto; provided that no such amendment shall change the provisions hereof regarding the consideration to be received by shareholders of Loc8 in exchange for their Loc8 Shares without approval by the Loc8 shareholders given in the same manner as required for the approval of the Amalgamation.

16. Termination.

Subject to the terms of the Acquisition Agreement, this Agreement may be terminated by a resolution passed by the directors of Newco, Aylen or Loc8 at any time before the issue of the Certificate of Amalgamation, notwithstanding the approval of this Agreement by the shareholders of either or both of Newco and Loc8. If this Agreement is terminated pursuant to this section, this Agreement shall forthwith become void and of no further force and effect.

17. Further Assurances.

Each of the parties hereto agrees to execute and deliver such further instruments and to do such further reasonable acts and things as may be necessary or appropriate to carry out the intent of this Agreement.

18. Time of Essence.

Time shall be of the essence of this Agreement.

19. Binding Effect.

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their successors and assigns.

20. Assignment.

No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other parties.

21. Governing Law.

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.

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

2774951 ONTARIO LIMITED

Per: ______________________________

Name: Richard Sutin
Title: Authorized Signing Officer
I have authority to bind the Corporation

AYLEN CAPITAL INC.

Per: ______________________________

Name: Richard Sutin
Title: Chief Executive Officer
I have authority to bind the Corporation

LOC8 CORP.

Per: ______________________________

Name: Rahul Kushwah
Title: CEO
I have authority to bind the Corporation

Schedule 1

The Common Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

1. Voting

The holders of the Common Shares shall be entitled to receive notice of and to attend and shall be entitled to one (1) vote at any meeting of the shareholders of the Corporation for each Common Share held.

2. Dividends

The holders of the Common Shares shall be entitled to receive dividends as and when the directors shall in their discretion declare dividends on the Common Shares and pay the same.

3. Dissolution

The holders of the Common Shares shall be entitled to receive the remaining property of the Corporation in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs.

SCHEDULE "H"
SECTION 190 OF THE *CANADA BUSINESS CORPORATIONS ACT*

Right to dissent

190 (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;

(b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;

(c) amalgamate otherwise than under section 184;

(d) be continued under section 188;

(e) sell, lease or exchange all or substantially all its property under subsection 189(3); or

(f) carry out a going-private transaction or a squeeze-out transaction.

Further right

(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

If one class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Payment for shares

(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

Notice of resolution

(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

Demand for payment

(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder dissents; and

(c) a demand for payment of the fair value of such shares.

Share certificate

(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Forfeiture

(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

Endorsing certificate

(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

Suspension of rights

(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

(a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),

(b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or

(c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

(a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Same terms

(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

Payment

(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Corporation may apply to court

(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court

(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

Venue

(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

No security for costs

(18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

Parties

(19) On an application to a court under subsection (15) or (16),

(a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and

(b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

Powers of court

(20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers

(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest

(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that subsection (26) applies

(24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where subsection (26) applies

(25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

(a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Limitation

(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

SCHEDULE "I"
FAIRNESS OPINION

SEGAL
Valuation & Transaction Advisory

November 12, 2020

Private & Confidential

The Special Committee of the Board of Directors
Aylen Capital Inc.
Scotia Plaza
40 King Street West, Suite 2502
Toronro, Ontario M5H 3Y2

Attention: Rick Sutin

Dear Sir,

1. Segal Valuations & Transaction Advisory LP ("SVA") understands that Aylen Inc.("Aylen" or the "Company") plans to undertake a corporate reorganization and to acquire all the issued and outstanding shares of LOC8 Corp. ("LOC8") in a transaction that will result in a reserve takeover (the "Proposed Transaction"). The Proposed Transaction will involve the following steps:

    a) **Sale of Grapevine Analytics:** The Company has agreed to dispose of its wholly-owned subsidiary, Grapevine Analytics (the "Grapevine Sale") by selling the shares of Grapevine Analytics to a corporation owned by the family of the late John D. Pennal in the manner contemplated by the Grapevine Purchase and Sale Agreement for $1.00, and has agreed to assume all liabilities related to the Grapevine Analytics business not sheltered by the Corporation's tax-loss carry-forwards. In addition the parties agreed that the late John D. Pennal's employment agreement with the Company would be cancelled.

    b) **Dividend Distribution:** In connection with the Grapevine Sale, the Company has agreed to pay a dividend to all holders of Aylen common shares prior to the completion of the amalgamation with LOC8, with such dividend to be equal to the Company's unencumbered cash on the ex-dividend date (estimated at approximately $400,000).

    c) **Share Consolidation:** the Company will consolidate its Common Shares on the basis of one (1) New Common Share for every four (4) Old Common Shares.

    d) **Name Change:** the Company will change its name to "DeepSpatial Inc." or such other name as may be determined by the board of directors of the Company and to the applicable governmental authorities; and

    e) **Amalgamation:** The Company will acquire all the issued and outstanding LOC8 shares with LOC8 shareholders each receiving one New Common Share of Aylen in exchange for each LOC8 share.

2. SVA has been requested by the Special Committee of the Board ("Special Committee") of Aylen to provide its opinion as to the fairness of the Proposed Transaction, from a financial point of view to the non-controlling shareholders of Aylen ("Fairness Opinion").

3. The Company is publicly traded on the Canadian Securities Exchange under the symbol CNSX:AYL. The terms of the Proposed Transaction are more fully described in the management information circular ("Circular") currently being prepared by the Company.

4. The Proposed Transaction constitutes a related party transaction as defined in Multilateral Instrument 61-101: "Protection of Minority Security Holders in Special Transactions" ("MI 61-101"). We understand that the Company is exempt from the formal valuation requirements of MI 61-101 pursuant to subsection 5.5(b) thereof as its common shares are not listed on any of the markets specified thereby.

ENGAGEMENT OF SVA

5. SVA was initially contacted by Aylen with respect to providing a Fairness Opinion in connection with the Proposed Transaction on October 31, 2020. SVA was formally engaged by the Special Committee pursuant to an engagement letter dated October 6, 2020 (the "Engagement Letter").

6. The terms of the Engagement Letter provide that SVA is to be paid a fee for the Fairness Opinion. In addition, SVA is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by the Company in respect of certain liabilities which may be incurred by SVA in connection with the provision of its services under the terms of the Engagement Letter.

7. No part of SVA's fee is contingent upon the conclusions reached in the Fairness Opinion or on the successful completion of the Proposed Transaction.

8. Subject to the terms of the Engagement Letter, SVA consents to the inclusion of the Fairness Opinion in the Circular, or a summary thereof, in a form acceptable to SVA, to be mailed by the Company to its shareholders and to the filing of the Fairness Opinion by the Company with the applicable Canadian securities regulatory authorities

CREDENTIALS OF SVA

9. SVA is an independent Canadian financial advisory firm that provides transaction advisory services in the areas of business and securities valuations, corporate finance, and mergers & acquisition of middle-market companies. SVA has experience advising on transactions involving valuations and fairness opinions of privately held and publicly traded companies.

10. The Fairness Opinion represents the opinion of SVA, and its form and content have been approved by senior professionals working on this engagement, each of whom is experienced in mergers, acquisitions, divestitures, valuation and fairness opinion matters.

INDEPENDENCE OF SVA

11. SVA is not an insider, associate or affiliate (as such terms are defined in the Securities Act (Ontario)) of the Company, LOC8 or any of their associates or affiliates (collectively the "Interested Parties").

Except for providing the Fairness Opinion, neither SVA nor any of its associates or affiliates is an advisor of the Interested Parties in respect of the Proposed Transaction.

12. SVA does not have any agreements, commitments or understandings in respect of any future business involving any of the Interested Parties. However, SVA may, from time to time in the future, seek or be provided with assignments from one or more of the Interested Parties.

SCOPE OF REVIEW

13. In connection with the Fairness Opinion, SVA performed reviews, analyses and made inquiries as it deemed necessary and appropriate under the circumstances. As well, SVA has referred to and made use of limited general industry and economic information obtained from other sources as considered reliable and necessary in the circumstances. Except as noted herein, SVA has not, to the best of its knowledge, been denied access to any information requested.

14. SVA has reviewed and relied upon, without audit or independent verification of the completeness or accuracy of, the following information:

    a) A letter from LOC8 to Aylen dated July 15, 2020, proposing a business combination between the two companies;

    b) An Aylen press release dated September 2, 2020, announcing the signing of the Acquisition Agreement;

    c) A draft Management Information Circular dated October 26, 2020;

    d) Audited financial statements for Aylen for the fiscal years ended December 31, 2016 to December 31, 2019, with comparatives;

    e) Unaudited internal financial statements for Aylen for the fiscal period ended June 30, 2020, with comparatives;

    f) An asset purchase agreement between Grapevine and Aylen dated July 15, 2020, and a subsequent amendment and asset purchase agreement dated July 21, 2020;

    g) A signed termination agreement, between Mr. John Pennal and Aylen ,dated September 14, 2020;

    h) Various financial and non-financial information about the Grapevine business;

    i) Audited financial statement for LOC8 for the 10 month period ended June 30, 2020;

    j) A comprehensive valuation report on LOC8 Corporation prepared by Evans & Evans, Inc. and dated October 15, 2020;

    k) A calculation valuation report on the IP assets of LOC8 Corporation prepared by Evans & Evans, Inc. and dated October 29, 2020;

    l) Various letters inviting / confirming a relationship between LOC8 and industry professionals to act as advisors to the company;

m) Various email exchanges with Canadian tire and the Anheuser-Busch (AB) group indicating an interest in the Deepspatial product;

n) A presentation provided to LOC8 investors in connection with the marketing of the Q2 2020 and Q3 2020 rounds of financing;

o) Various marketing documents explaining the LOC8 technology and the benefits of use of Deepspatial in the retail and insurance industries;

p) LOC8's shareholder registry as at September 30, 2020;

q) Research into recent trading multiples of public companies somewhat comparable to LOC8; and

r) Discussions with and information provided by:

- Mr. Rick Sutin, Interim CEO, Aylen;
- Mr. Wes Houston, Managing Director, Grapevine;
- Mr. Alexander Falconer, CFO, Aylen;
- Mr. Rahul Kushwah, CEO, Loc8;
- Mr. Rakesh Malhotra, CFO, Loc8; and
- Mr. Rick Moscone, Foglers Rubinoff LLP, counsel to Loc8.

PRIOR VALUATIONS

15. Management of Aylen ("Management") has represented that no valuations or independent appraisals of all or a material part of the securities or assets of the Company were undertaken in the 24 months preceding the date of this Fairness Opinion.

16. Recent valuations of LOC8 and its intellectual property, as per the scope of review above, were considered in our analysis.

RESTRICTIONS, QUALIFICATIONS AND MAJOR ASSUMPTIONS

17. In preparing the Fairness Opinion, SVA has assumed that the final versions of all agreements and documents to be executed and delivered in respect of the Proposed Transaction will not differ in any material respect from the versions provided to SVA and that all of the conditions required to complete the Proposed Transaction will be met.

18. The Fairness Opinion has been prepared for the Special Committee of the Board of Directors of Aylen, and is not to be used for any purpose other than stated herein. The Fairness Opinion is not intended for general circulation, nor is it to be published or made available to other parties, in whole or in part, without SVA's prior written consent. SVA does not assume any responsibility for losses resulting from the unauthorized or improper use of the Fairness Opinion.

19. Management has been requested to bring to SVA's attention any matters that would be significant to the Fairness Opinion. The Fairness Opinion is rendered as of the date hereof on the basis of prevailing and prospective business, financial and economic conditions impacting the Company and its underlying assets as reflected in the information and documents reviewed by SVA and as represented to SVA in discussions with held with Management. SVA has not independently verified the accuracy or completeness of the information supplied and does not assume any responsibility with respect to it.

20. Public information and industry and statistical information are from sources SVA considers to be reliable. SVA has relied upon the completeness, accuracy and fair presentation of all such information without further verification.

21. The financial statements and other financial and non-financial information provided by the Company and its representatives have been accepted, without further verification, as correctly reflecting the business conditions and operating results for the respective periods, except as noted herein.

22. SVA has not made any physical inspection or independent appraisal of any of the assets of the Company.

23. The Fairness Opinion is based on the assumption that no material changes have taken place in the Company's business, operations, underlying assets or future prospects that have not been brought to SVA's attention since the date of the financial information provided to SVA, except as noted. Specifically, we note that we have based our analysis on the June 30, 2020, financial statements for both Aylen and LOC8. We were not provided with more current financial statements or trail balances and accordingly have assumed that the financial position of both companies did not change materially between June 30, 2020, and the date of this report, with the exception of funds flowing into Aylen as a result of the exercise of outstanding options and funds flowing into LOC8 stemming from a new share subscription for approximately $650,000.

24. SVA is not commenting on, nor is SVA in a position to comment on, the likely future trading price or marketability of the Company's common shares on the public markets.

25. No opinion, counsel or interpretation is intended in matters that require legal or other appropriate professional advice. It is assumed that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources.

26. SVA disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Fairness Opinion which may come or be brought to SVA's attention after the date hereof. In the event of a material change in any fact or matter after the date hereof that affects the Fairness Opinion, SVA reserves the right to modify or withdraw the Fairness Opinion without notice.

27. The preparation of a fairness opinion is a complex process and is not necessarily amenable to partial analysis or summary description. SVA believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create an incomplete view of the process underlying the Fairness Opinion. The Fairness Opinion should be read in its entirety.

28. Management has provided a representation letter to SVA, stating, among other things, that:

a) to the best of its knowledge, the information, data, opinions and other materials (collectively, the "Information") provided to SVA by the Company for the purposes of preparing the Fairness Opinion were complete and accurate at the date the Information was provided to SVA and did not contain any untrue statement of a material fact or omit to state a material fact, in respect of the Company or the Proposed Transaction;

b) to the best its knowledge, since the date of the Information, there has been no material change, financial or otherwise, in the Company, and there has been no change of any material fact which is of a nature as to render the Information untrue or misleading in any material respect;

c) to the best of its knowledge, since the date of the Information, no material transactions have been entered into by the Company, except in the normal course of business, or as publicly disclosed;

d) to the best of its knowledge, other than as disclosed in the Information, the Company did not have any material contingent liabilities out of the ordinary course of business.

e) to the best of its knowledge, other than disclosed in the Information, there are no actions, suits, proceedings or inquiries, pending or threatened, against or affecting, the Company or any of its assets which may materially affect the Company;

f) there have been no offers or negotiations for the purchase of the Company, portions thereof, or material assets of the Company, within the two years preceding the date hereof which have not been disclosed to SVA; and

g) they are not aware of any information concerning or affecting the Company, or affairs of the Company, which have not been disclosed to SVA and which could reasonably be considered to be material to SVA in preparation of the Fairness Opinion or the conclusions reached, the assumptions used, the procedures adopted or the scope of the review undertaken by SVA in connection therewith.

APPROACH TO FAIRNESS

29. The assessment of fairness from a financial point of view must be determined in the context of a particular transaction. SVA has based its Fairness Opinion on methods and techniques that it considered appropriate in the circumstances and considered numerous factors in its review of the Proposed Transaction.

FAIRNESS CONCLUSION

30. Based upon, and subject to the foregoing, SVA is of the opinion that, as of the date hereof, the Proposed Transaction is fair, from a financial point of view, to the non-controlling shareholders of Aylen.

Sincerely,

Segal Valuation & Transaction Advisory LP

Segal Valuations & Transaction Advisory LP