

Aylen Capital Enters into Acquisition Agreement with Loc8 Corp.

TORONTO, Ontario, Sept. 2, 2020 -- Aylen Capital Inc. (CSE:AYL) ("Aylen" or the "Company") is pleased to announce that it has 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"), as more particularly described below.

The Acquisition is subject to a number of terms and conditions as set forth in the Acquisition Agreement, including (among other things) the approval of the Canadian Securities Exchange (the "Exchange"). If completed, the Acquisition will constitute a "Fundamental Change" of Aylen, as such term is defined in Exchange policies. Aylen's shares will remain halted until the Exchange has reviewed and approved the Acquisition.

In addition, under the Acquisition Agreement, concurrent with the completion of the Acquisition, Aylen will sell to John Pennal, Aylen's Chief Executive Officer, Aylen's wholly-owned subsidiary Grapevine Analytics Inc. ("Grapevine") which includes the assets, liabilities and obligations of the Grapevine business currently operated by Aylen (the "Grapevine Sale" and together with the Acquisition, the "Transaction"). As part of the Grapevine Sale, and immediately prior to completion of the Acquisition, the following steps will occur: (i) John Pennal will pay \$100 to Aylen and will agree to indemnify Aylen in respect of any taxes, losses or other costs resulting from the Grapevine Sale; (ii) John Pennal will agree to terminate his employment agreement with Aylen and to relinquish all severance and bonus payments to which he would otherwise be entitled; and (iii) Aylen will pay a dividend to existing Aylen shareholders equal to the amount of unencumbered cash held by Aylen at the time, which is currently expected to be approximately \$400,000 or \$0.022 per share.

About Loc8 Corp.

Loc8 (operating as Deepspatial AI) 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 etc. and when this data is correlated with internal business data, it creates business context to improve decision making backed by data driven analytics. Few of the key outcomes of Loc8 include (but not limited to): prediction for ideal location to open new outlets/stores, performance improvement scope for existing outlets, competitor mapping & analysis, customer archotyping & personalized promotions for a target group, optimized inventory management & demand forecasting along with retail assortment strategizing.

Loc8 processes business data geospatially and creates knowledge and insights that help businesses know who their customers are (customer archetypes), inventory management, site selection, targeted marketing, predict what they need and supply it optimally. It brings geo-personalisation

to any business as a service using AI. Loc8's AI platform can be integrated into retail chains, logistics firms, manufacturing supply chain companies, banks and more.

The Transaction

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"). Aylen currently has 16,856,632 common shares issued and outstanding.

Immediately following the Consolidation, Aylen will acquire all of the issued and outstanding securities of Loc8 from Loc8's securityholders. Each shareholder of Loc8 will receive one (1) Aylen common share for each common share of Loc8 held. Loc8 currently has 83,575,000 common shares issued and outstanding. Loc8 will also issue 700,000 common shares as a finders fee in connection with the completion of the Transaction. Upon completion of the Transaction, Loc8 will become a wholly-owned subsidiary of the Company and the Company will change its name to "DeepSpatial Inc.", or such other name as determined by Loc8. The combined entity (the "**Resulting Issuer**") will continue the business of Loc8.

As the Transaction is considered a "related party transaction" pursuant to the provisions of Multilateral Instrument 61-101—*Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), it will require "minority approval" from Aylen's shareholders at its special meeting expected to be held in November, 2020. In support of the Transaction, Aylen appointed a special committee of independent directors to review its merits.

As Aylen is a company listed on the Exchange, it is exempt from the formal valuation requirements of MI 61-101 pursuant to the exemption contained in section 5.5(b) of MI 61-101 on the basis that no securities of Aylen are listed or quoted on the markets specified therein.

The proposed Transaction will constitute a "related party" transaction under MI 61-101 since John Pennal will be acquiring the Grapevine business from Aylen pursuant to the Grapevine Sale, and John Pennal is currently the Chief Executive Officer and a director of Aylen, and he is also a "control person" of Aylen and currently holds a 34.8% interest in the common shares of Aylen. All shares of Aylen owned and controlled by John Pennal will be excluded from voting on the Transaction.

The Transaction is conditional upon, among other things:

- (i) the representations and warranties of each of Aylen and Loc8, 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) Loc8 and Aylen obtaining the requisite shareholder approvals for the Transaction; and

- (v) Loc8 completing a private placement financing for minimum aggregate gross proceeds of not less than \$1,000,000 at \$0.30 per share.

Additional Information

Aylen will issue additional press releases related to the Transaction and related financings and other material information as it becomes available. There can be no assurance that the Transaction will be completed as proposed or at all. If completed, the Transaction will constitute a "Fundamental Change" pursuant to CSE policies.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described herein in the United States. The securities described herein have not been registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities law and may not be offered or sold in the "United States", as such term is defined in Regulation S promulgated under the U.S. Securities Act, unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration requirements is available.

Forward-Looking Information

Completion of the Transaction is subject to a number of conditions, including but not limited to, CSE acceptance and, if applicable, pursuant to the requirements of the CSE, shareholder approval. There can be no assurance that the Transaction will be completed as proposed or at all.

Trading in the securities of the Company should be considered highly speculative.

All information in this news release concerning Loc8 has been provided for inclusion herein by Loc8. Although the Company has no knowledge that would indicate that any information contained herein concerning Loc8 is untrue or incomplete, the Company assumes no responsibility for the accuracy or completeness of any such information.

Investors are cautioned that, except as disclosed in the listing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon.

Certain statements included in this press release constitute forward-looking information or statements (collectively, "forward-looking statements"), including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend", "may", "should" and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts but reflect current expectations regarding future results or events. This press release contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors.

Statements about the closing of the Transaction, expected terms of the Transaction, the number of securities of the Company that may be issued in connection with the Transaction, the ownership of the Company, the requirement to obtain shareholder approval, if applicable, the terms of and the completion of the concurrent financing, and the parties' ability to satisfy any and all other

closing conditions, and receive necessary regulatory and CSE approvals in connection therewith, are all forward-looking information. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future, including, anticipated costs, and the ability to achieve its goals. Factors that could cause the actual results to differ materially from those in forward-looking statements include, failure to obtain regulatory approval, the continued availability of capital and financing, and general economic, market or business conditions, changes in legislation and regulations, increase in operating costs, equipment failures, failure of counterparties to perform their contractual obligations, litigation, the loss of key directors, employees, advisors or consultants and fees charged by service providers. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements. Although such statements are based on management's reasonable assumptions, there can be no assurance that the Transaction will occur or that, if the Transaction does occur, it will be completed on the terms described above. The Company assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law. Readers should not place undue reliance on the Company's forward-looking statements. Neither the CSE nor its regulation services provider accepts responsibility for the adequacy or accuracy of this news release.

There can be no assurance that the proposed Transaction or private placements will be completed or, if completed, will be successful.

The forward-looking statements contained in this news release are made as of the date of this news release. Except as required by law, the Company disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additionally, the Company undertakes no obligation to comment on the expectations of, or statements made by, third parties in respect of the matters discussed above.

(Not for dissemination in the United States of America)

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