District of Ontario
Division No. 09 -Toronto
Court File No. 31-2295766
Estate No. 31-2295766

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE PROPOSAL OF DIGITAL UNDERGROUND MEDIA INC., A COMPANY INCORPORATED PURSUANT TO THE LAWS OF THE PROVINCE OF ONTARIO, WITH A HEAD OFFICE IN THE CITY OF VANCOUVER, IN THE PROVINCE OF BRITISH COLUMBIA

RESPONDING MOTION RECORD

(Motion returnable November 14, 2017)

Date: November 12, 2017

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Toronto, Ontario M5J 2T9

Steven L. Graff (LSUC # 31871V)
Tel: (416) 865-7726
Fax: (416) 863-1515
Email: sgraff@airdberlis.com

Miranda Spence (LSUC # 60621M)
Tel: (416) 865-3414
Fax: (416) 863-1515
Email: mspence@airdberlis.com

Lawyers for Digital Underground Media Inc.

TO: LOOPSTRA NIXON LLP
Barristers & Solicitors
135 Queen's Plate Drive – Suite 600
Toronto, ON M9W 6V7

R. Graham Phoenix (LSUC #52650N)
Tel: (416) 748-4776
Fax: (416) 746-8319
Email: gphoenix@loonix.com

Lawyers for MNP Ltd., in its capacity as Proposal Trustee

AND TO: **GOODMANS LLP**
Bay Adelaide Centre-West Tower
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Attention: Jason Wadden / Chris Armstrong
Tel: (416) 597-5165 / (416) 849-6013
Fax: (416) 979-1234
Email: jwadden@goodmans.ca / carmstrong@goodmans.ca

Lawyers for Forward Dimension Capital 1 LP

District of Ontario
Division No. 09 -Toronto
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ONTARIO
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A COMPANY INCORPORATED PURSUANT TO THE LAWS OF THE PROVINCE OF ONTARIO, WITH A HEAD OFFICE IN THE CITY OF VANCOUVER, IN THE PROVINCE OF BRITISH COLUMBIA

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IN THE MATTER OF THE PROPOSAL OF DIGITAL UNDERGROUND MEDIA INC., A COMPANY INCORPORATED PURSUANT TO THE LAWS OF THE PROVINCE OF ONTARIO, WITH A HEAD OFFICE IN THE CITY OF VANCOUVER, IN THE PROVINCE OF BRITISH COLUMBIA

AFFIDAVIT OF DREW CRAIG

I, **DREW CRAIG**, of the City of Vancouver, in the Province of British Columbia, **MAKE OATH AND SAY AS FOLLOWS**:

1. I am the executive chairman, secretary, and a director of Digital Underground Media Inc. ("**DUM**" or the "**Company**"). I also hold positions with other companies involved in this proceeding, which will be described in greater detail below. As such, I have personal knowledge of the matters to which I depose in this affidavit. Where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe it to be true.

MY ROLES IN THE COMPANY

2. I am the founder of the Company, having incorporated it on January 19, 2010. As its executive chairman, secretary, and a director of the Company, I am involved in the Company's day-to-day operations, through consultation with its president and CEO, Ken Bicknell. Currently, Mr. Bicknell and I are the Company's only directors.

3. I am also a shareholder of the Company through my holding company, J.D. Craig Holdings Inc. ("**Craig Holdings**"). I am an officer and director of Craig Holdings. I, along with other family members, own all of the shares in Craig Holdings. Craig Holdings is advancing funding to the Company through these proposal proceedings as the DIP lender, pursuant to the Order of the Honourable Justice Hainey dated September 25, 2017.

4. The Company has two secured creditors, Craig Holdings and DUM Holdings Inc. ("**DUM Holdings**"). I am an officer and director in DUM Holdings, and am its majority shareholder.

5. The proposal filed by the Company on October 2, 2017, as amended on October 19, 2017 (the "**Amended Proposal**"), provides that the funds to be distributed to unsecured creditors pursuant to the Amended Proposal will be advanced by 7677189 Canada Ltd. ("**767**"). I am the sole officer, director and shareholder of 767.

6. All of the foregoing information, with the exception of the particulars of the shareholdings in each of these companies, is publicly available. The Proposal Trustee's reports have expressly identified the connection between the Company, Craig Holdings, DUM Holdings, and me. To the extent that my connection with 767 has not been expressly identified previously, that is simply an oversight.

7. Prior to the Company filing a notice of intention to make a proposal on September 21, 2017 (the "**NOI**"), I considered resigning my positions in the Company to avoid the appearance of a conflict of interest, given Craig Holdings' and DUM Holdings' status as secured creditors. Ultimately, given the small size of the Company, the need for my direct involvement in guiding the Company through these restructuring proceedings, and the facts that Mr. Bicknell and the

Company's advisors are aware of the various roles I hold and have been supportive of my continued involvement, Mr. Bicknell and I decided that the Company would be better served if I did not resign. The Company's shareholders have always been aware that Craig Holdings and DUM Holdings are the Company's secured creditors, and of my involvement in each of these lenders.

8. I am aware of the potential for conflict should Craig Holdings' and/or DUM Holdings' interests diverge from the Company's. It has always been my intention to recuse myself from any corporate decision that could be seen to conflict with Craig Holdings' and/or DUM Holdings' status as secured creditors. To date, no such decision has arisen.

FDC INVESTS IN THE COMPANY

9. On July 27, 2015, the Company entered into the Subscription & Investment Agreement (the "**SIA**") and the Unanimous Shareholders' Agreement (the "**USA**") with Forward Dimension Capital 1 LP ("**FDC**"), along with numerous related documents. The SIA and USA are attached as Exhibits A and B, respectively, to the affidavit of Laura Gilhespy sworn November 7, 2017 (the "**Gilhespy Affidavit**") filed in support of FDC's opposition to the approval of the Amended Proposal.

10. As at July 27, 2015, the Company had two secured creditors: DUM Holdings, and Windsor Private Capital Limited Partnership ("**Windsor**"). Section 1.1.36 of the SIA reflects the general security agreements granted in favour of DUM Holdings and Windsor as permitted encumbrances. Attached hereto as **Exhibit A** is a copy of the DUM Holdings loan agreement dated June 1, 2014, as amended.

11. At the time that FDC agreed to invest in the Company, the parties contemplated that FDC and Craig Holdings would together advance funds to the Company to repay the Windsor loan, and assume Windsor's secured position. As DUM Holdings' security position was subordinate to Windsor's, FDC/Craig Holdings would together assume the first secured position. This expectation was reflected in section 4.2 of the USA.

12. Subsequent to entering into the SIA and USA, FDC changed its mind, and declined to participate in taking out Windsor's loan. Attached hereto as **Exhibit B** is an email from Gavin Owston of FDC dated September 24, 2015, in which he advises that FDC does not want to participate in the loan, but is content for me to take over the Windsor loan.

13. Accordingly, upon maturity of Windsor's loan, Craig Holdings alone advanced funds to Windsor and assumed the first secured position. Attached hereto as **Exhibits C** and **D** are copies of the loan agreement entered into between the Company and Craig Holdings dated October 29, 2015 (the "**Craig Loan Agreement**"), together with general security agreement in favour of Craig Holdings dated October 29, 2015 (the "**Craig GSA**").

14. Following the execution of the SIA and the USA, and FDC's initial advance of CAD$5,000,000 in July 2015, it became apparent to all involved that the Company would be unable to meet the funding milestones contemplated in the SIA. FDC nonetheless continued to support the Company, and continued to advance funds to the Company as follows:

Date	Payment (CAD)
December 15, 2015[1]	$3,000,000

[1] These amounts are set out in the Gilhespy Affidavit. I have been unable to confirm whether the December 15, 2015, July 16, 2016, September 16, 2016, and December 16, 2016 payments were received on these exact dates. We do not dispute that this table generally reflects the amounts advanced and the approximate dates of the advances.

July 16, 2016	$1,000,000
September 16, 2016	$1,000,000
December 16, 2016	$1,000,000
February 13, 2017	$500,000
March 31, 2017	$500,000

15. In December 2016, the Company's board, including FDC representatives Mr. Owston and David Rigby, agreed to formally amend the SIA and the USA to reflect alternate funding milestones. Attached hereto as **Exhibit E** is a copy of an email from Mr. Owston dated December 16, 2016, providing his approval of the draft board resolution reflecting this agreement.

16. The Company then instructed its counsel to prepare the necessary amendments. By March 9, 2017, the documents were in their final form. Attached hereto as **Exhibits F** and **G**, respectively, are the unexecuted first amendment to the SIA (the "**SIA Amendment**") and the first amendment to the USA (the "**USA Amendment**").

FDC CEASES FUNDING

17. Between January 2017 and May 2017, the Company's board discussed the need to find additional funding. As a result, the board authorized me to approach investors, and also authorized Mr. Owston to seek UK-based investors. Copies of board minutes reflecting these instructions are attached hereto as **Exhibit H**.

18. Also through this period, FDC's representatives advised me that FDC was facing short-term liquidity issues, as part of which it was seeking to reduce or delay funding to the Company.

Attached hereto as **Exhibit I** is a copy of an email from Mr. Rigby dated February 9, 2017, in this regard.

19. By May 2017, FDC had not maintained the agreed funding timeframe proposed by Mr. Rigby, and the Company's liquidity was critical. FDC instructed the Company's senior management to attend at their offices in London, England to present the Company's 2018 business plan, and asked management to undertake to prepare a plan with reduced funding to extend the horizon of the remaining $8 million available from FDC. On May 12, 2017, Mr. Bicknell, Mr. Laitinen and I travelled to London to meet with Mr. Owston, Mr. Rigby, Graham Coxell, the chairman of FDC, and Simon Davis, another FDC representative. At that meeting, FDC also confirmed that it would not be executing the SIA Amendment and the USA Amendment. Mr. Owston had previously suggested to me that FDC was no longer willing to sign the amendments by way of a telephone call on April 6, 2017.

20. Our team prepared the requested business plan and submitted it to FDC. On June 15, 2017, FDC made its final contribution to the Company, by way of a wire transfer in the amount of CAD$54,693.66. This amount was intended to cover the Company's immediate cash needs, including payroll, but excluding my consulting fee and interest on the Craig Holdings loan. FDC advanced this sum in response to Mr. Bicknell advising Mr. Owston that the Company needed cash immediately in order to avoid becoming insolvent.

21. On June 19, 2017, FDC presented to the Company a proposal for a revision to the Company's equity structure (the "**June 19 Proposal**"). The key components of the proposed revised structure included, among other things:

(a) Craig Holdings' and DUM Holdings' secured debt would be converted into preference shares;

(b) Neon (a related entity to FDC) and I would proportionately contribute $2 million in equity into the Company until year end 2017;

(c) the Company's executives, Mr. Bicknell and Mike Laitinen, would each forgo CAD$50,000 of salary in the second half of 2017 in exchange for preference shares;

(d) I would be required to become a non-executive director and step down from my executive responsibilities and consulting fee;

(e) the Company's headquarters would relocate to London, England; and

(f) Mr. Bicknell would continue as CEO and Mr. Laitinen would continue as CFO, but would be based out of the UK.

A copy of the June 19 Proposal is attached hereto as **Exhibit J**.

22. The June 19 Proposal was not acceptable to the secured creditors, to the management team, or to the Company's shareholders other than FDC, for, among others, the following reasons:

(a) the $2 million of proposed funding would be wholly insufficient to carry the Company through to the end of 2017, particularly given the accumulated payables since the last tranche of funding in March 2017, and the anticipated relocation

costs arising from the June 19 Proposal. The Company's then-current business plan contemplated funding of $3.2 million to the end of the year;

(b) the June 19 Proposal did not address how funding would continue beyond the end of 2017, and FDC refused to engage in discussions on this issue;

(c) Mr. Laitinen was unwilling to move to the UK, and would have to be paid severance; and

(d) I was unwilling to convert Craig Holdings' and DUM Holdings' secured debt to equity.

23. On July 10, 2017, Mr. Owston and Mr. Rigby wrote to me in my capacity as Executive Chairman of the Company, to advise that they were resigning their positions as directors of the Company (the "**Resignation Letter**"). A copy of this correspondence is attached hereto as **Exhibit K**.

24. On July 12, 2017, I wrote to Mr. Owston, Mr. Rigby, and Mr. Coxell, to respond to the Resignation Letter and the June 19 Proposal. Mr. Coxell responded to me by email the same day. A copy of this exchange is attached hereto as **Exhibit L**.

25. Between July 14, 2017 and August 31, 2017, Mr. Coxell and I exchanged further correspondence and telephone conversations in which we presented alternate structures that could permit the Company and FDC to continue to work together. A key feature of the proposals that I presented, which were acceptable to both the Company and the secured creditors, was to seek $4 million in additional funding for the Company by way of debt financing that would rank *pari passu* with Craig Holdings' security. I expressly invited FDC to participate in the proposed

debt financing, to the extent it was interested. Copies of the relevant emails are attached hereto as **Exhibit M**.

26. My correspondence to Mr. Coxell also reflected, among other things, the following realities:

(a) the Company was insolvent;

(b) the Company was in default of its obligations to Craig Holdings, and Craig Holdings was accordingly in a position to enforce its security; and

(c) if the Company and FDC could not arrive at a mutually-acceptable plan to restructure the Company's capital structure, it would be forced to initiate insolvency proceedings.

27. Prior to and simultaneously with my negotiations with FDC, I was actively seeking alternate investors for debt and/or equity financing to permit the Company to continue operations. The investors that I approached were not interested in investing in the Company given the state of its capital structure. The Company's capital structure would have to be restructured in order to attract an investor.

28. Regrettably, we were unable to reach a consensus with FDC. Accordingly, the Company filed the NOI on September 21, 2017.

29. Upon the unsuccessful conclusion of our negotiations with FDC, but prior to the filing of the NOI, Mr. Bicknell and I again considered whether I ought to resign my positions with the Company to avoid any potential conflict of interest relating to Craig Holdings' and DUM Holdings' positions as secured creditors. We mutually agreed that my continued involvement as

an officer and director of the Company, while the Company pursued a court-supervised restructuring process, would be beneficial.

CRAIG HOLDINGS' ONGOING FUNDING OF THE COMPANY

30. As set out above, the Company was in default of its obligations pursuant to the Craig Loan Agreement as of May 2017. In order to ensure the continued operations of the Company, Craig Holdings continued to advance funding to the Company between May 2017 and the filing of the NOI. A copy of a promissory note reflecting these advances is attached hereto as **Exhibit N**.

31. Since the filing of the NOI, Craig Holdings has been advancing funds to the Company as DIP lender. To date, Craig Holdings has advanced $114,900, which amount is subordinate to the administration charge of $115,000. Craig Holdings may advance up to $750,000 under the DIP charge.

RESPONSE TO GILHESPY AFFIDAVIT

32. I have reviewed the Gilhespy Affidavit. In my dealings with FDC between their initial interest in the Company in 2015 up until the filing of the NOI, I have never dealt with Ms. Gilhespy. As far as I am aware, Ms. Gilhespy's first engagement with the Company was her letter to the proposal trustee dated October 17, 2017.

33. Ms. Gilhespy's affidavit contains a number of inaccuracies, which I would like to address.

34. Ms. Gilhespy objects to the Company's characterization of FDC's refusal to advance funding as the cause of the Company's financial difficulties. However, this is an accurate characterization. FDC was the sole source of ongoing funding for the Company. When FDC

ceased providing funding, the Company could no longer meet its obligations when due, and became insolvent.

35. FDC may dispute whether or not it had an obligation to advance such funds pursuant to the SIA. This does not change the fact that FDC's cessation of funding resulted in the Company becoming insolvent. Outside of this funding, the Company's operations were still largely in their infancy, and its cash flow was not close to being able to sustain the ongoing obligations.

36. Ms. Gilhespy states that FDC only learned of the filing of the NOI though its own investigations. However, on September 29, 2017, the Proposal Trustee sent notice of the filing to the address identified for FDC in the SIA, with a copy to counsel. A copy of this correspondence is attached hereto as **Exhibit O**. FDC was also aware that the Company intended to initiate insolvency proceedings through earlier communications with Mr. Coxell, Mr. Owston and Mr. Rigby.

37. Additionally, after the Proposal Trustee sent its letter to FDC, I reached out to Mr. Coxell by telephone, but was unable to reach him. Attached hereto as **Exhibit P** is a copy of an email from Mr. Coxell dated October 4, 2017, in which he writes:

> Hi Drew,
>
> How are you?
>
> I'm conscious that I wasn't able to take your call from a couple of days ago!
>
> I wonder if we can book a time to speak, I have copied in Lydia my PA to see if we can get a mutually agreeable time

38. I was able to schedule time to speak with Mr. Coxell on October 9, 2017. As part of this lengthy conversation, I took him through the Company's restructuring plan. At no time have I closed the door on further discussions with FDC.

39. Ms. Gilhespy states that the Amended Proposal appears to have been "developed, authorized and executed" by me in order to advance my own interests. This is inaccurate. Rather than taking control of the Company by way of enforcing Craig Holdings' or DUM Holdings' security, I have chosen to continue to advance significant funds into the Company in order to ensure its continued operations through a restructuring, with as little interruption to the Company's and its subsidiaries' operations as possible. The purpose of the Amended Proposal, as stated, is to provide financial stability to the Company in order to permit the Company to continue its business operations following the implementation of the Amended Proposal, and to provide a better platform from which to attract new external investor(s). Mr. Bicknell and I have been in contact with all of the Company's unsecured creditors and all are supportive of the terms of the Amended Proposal. All of the Company's shareholders are aware of the Amended Proposal, and FDC is the only shareholder that is opposing the approval of the Amended Proposal. Although I have no express obligation to do so, I intend to continue to provide funding to the Company following the implementation of the Amended Proposal until such time as an investor can be secured.

40. At paragraph 24 of her affidavit, Ms. Gilhespy suggests that it was inappropriate for me to sign the Proposal, given my involvement with Craig Holdings, DUM Holdings, and 767. While I do not believe this was a conflict, for the reasons described above, I also note that Ms. Gilhespy declines to mention that the Company's counsel has already advised FDC's counsel that I signed the Proposal because Mr. Bicknell was out of the country on the date that it was to be executed. As the only directors of the Company, Mr. Bicknell and I together executed all of the directors' resolutions relating to the filing. A copy of the Company's counsel's correspondence in this regard, without attachments, is attached as **Exhibit Q**.

41. Finally, Ms. Gilhespy states that it was inappropriate for the Company not to consider the "counter-proposal" that FDC submitted to the Proposal Trustee the day before the creditors' meeting. The "counter-proposal" was in substance no different from the proposals I had exchanged with Mr. Coxell prior to the filing, which were unacceptable to the Company. I did not attend the creditors' meeting, but I advised Mr. Bicknell by telephone that Craig Holdings, in its capacity as DIP lender, was unwilling to continue to provide funding to the Company through an adjournment to consider a "counter-proposal" that would ultimately not be accepted by the Company.

SWORN BEFORE ME at the City of)
Toronto, in the Province of Ontario)
this day of November, 2017.)

_____
DREW CRAIG

_____
A commissioner of oaths, etc.

IN THE MATTER OF THE PROPOSAL OF DIGITAL UNDERGROUND MEDIA INC., A COMPANY INCORPORATED PURSUANT TO THE LAWS OF THE PROVINCE OF ONTARIO, WITH A HEAD OFFICE IN THE CITY OF VANCOUVER, IN THE PROVINCE OF BRITISH COLUMBIA

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Proceedings commenced at Toronto

AFFIDAVIT OF DREW CRAIG

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Steven L. Graff (LSUC # 31871V)
Tel: (416) 865-7726
Fax: (416) 863-1515
Email: sgraff@airdberlis.com

Miranda Spence (LSUC # 60621M)
Tel: (416) 865-3414
Fax: (416) 863-1515
Email: mspence@airdberlis.com

Lawyers for Digital Underground Media Inc.

A

Attached is **Exhibit "A"**

referred to in the

Affidavit of DREW CRAIG

sworn before me

this day of November, 2017

_____

Commissioner for taking Affidavits, etc

June 1, 2014

PRIVATE AND CONFIDENTIAL

Digital Underground Media Inc.
219-255 West 1st Street
North Vancouver, BC
V7M 3G8

Dear Sirs:

Re: Offer to finance

DUM Holdings Inc. ("**Lender**") agrees to make available the "Credit Facility" (as outlined below) to the Borrower (as defined below), subject to the following terms and conditions.

1. Borrower

Digital Underground Media Inc. (the "**Borrower**")

2. Credit Facility

Advances to the Borrower shall be limited to the maximum principal amount at any time of CDN$600,000.

The Credit Facility will be made available in the form of loans drawn down in amounts of not less than CDN$5,000 and multiples thereof to be made available by wire transfer to the bank account identified by the Borrower within five (5) calendar days of notice of a requested borrowing under the Credit Facility to the Lender (identifying the amount thereof).

3. Purpose of Credit Facility

To finance the Borrower's day-to-day operations and maintain a positive cash balance for the Borrower.

4. Interest Rate

Interest shall accrue at 10.00% per annum, calculated daily and payable concurrent with the repayment of principal as set forth in Section 5. Interest is payable both at and after maturity, default and judgment to the Lender.

5. Repayment

All outstanding principal and interest accrued shall be payable on the earlier of: (i) an Event of Default (as defined below); (ii) December 12, 2014; (iii) release to the Borrower of proceeds from its next equity financing; and (iv) the Borrower entering into any agreement to give security over its assets (other than Permitted Liens as defined below). Provided that the Credit Facility

has not been terminated, the Credit Facility may be repaid by payment to the Lender in any amount from time to time.

6. Conditions Precedent

This Offer to Finance will not be effective and the Credit Facility will not be made available to the Borrower until all of the following conditions precedent have been satisfied:

(a) The Borrower has executed and delivered to the Lender an executed copy of this Offer to Finance.

(b) The Borrower has paid to the Lender's all fees required hereunder.

(c) The Lender shall have confirmed to the Borrower that any other documentation required by the Lender is held in form and substance satisfactory to the Lender.

The conditions precedent are for the sole benefit of the Lender and may be waived only by the Lender in writing.

7. Negative Pledge

The Borrower agrees that it will not create, incur, assume or suffer to exist any mortgage, deed of trust, pledge, lien, security interest, assignment, charge or encumbrance (including without limitation, any conditional sale, or other title retention agreement, or finance lease) of any nature, upon or with respect to any of its assets now owned or hereafter acquired except of those Permitted Liens (as defined below) without prior approval of the Lender.

8. Security

As general and continuing security for the performance by the Borrower of all of its obligations, present and future, towards the Lender, including without limitation, the repayment of advances granted hereunder and the payment of interest, fees, legal fees and disbursements and any other amounts provided for hereunder and under the security documents, the Borrower grants to the Lender a general security agreement providing a second fixed and floating charge over all assets of the Borrower, subject only to existing prior encumbrances, normal course encumbrances, encumbrances arising by operation of law or statute and encumbrances necessary for the operation of the Borrower's business (collectively, "**Permitted Liens**") over the Borrower's assets in form satisfactory to the Lender, acting reasonably (the "**Security**"), registered in the appropriate jurisdictions.

9. Subordination

Notwithstanding anything to the contrary contained herein, the Lender acknowledges that it is intended that this Offer to Finance, the indebtedness evidenced by this Offer to Finance and the exercise of certain rights or remedies by the Lender will be subordinate to the indebtedness owing by the Borrower to Windsor Private Capital Limited Partnership pursuant to a loan agreement dated December 18, 2013, as amended from time to time. The Lender agrees to enter

into a subordination agreement with Windsor Private Capital Limited Partnership on terms and conditions acceptable to the Lender, acting reasonably.

10. Remedies

Upon demand for payment by the Lender of some or all of the Credit Facility in accordance with Section 5, the Lender may, at its option, enforce all of its rights and remedies against the Borrower and any guarantors thereof, including without limitation, enforcing some or all of the Security and immediately terminating the availability of any credit under the Credit Facility.

11. Costs

All reasonable costs incurred by the Lender presently or hereafter in relation to the Credit Facility or the Security, including legal, consultant and appraisal fees, are for the account of the Borrower.

12. Governing Law

This Offer to Finance shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein. Time shall be of the essence in all respects of this Offer to Finance.

13. Representations and Warranties

The Borrower represents and warrants that all information given by it to the Lender in connection with the Credit Facility is true and accurate, and that the Lender is relying on said representations and warranties.

14. Expiry

The Credit Facility is subject to repayment and cancellation on December 12, 2014 unless the Lender agrees to renew the Credit Facility for such period and upon such terms and conditions as the Borrower and the Lender may agree. The Borrower may, on notice to the Lender, terminate this Credit Facility at any time prior to the first draw down under the Credit Facility and on such termination the Credit Facility, this Offer to Finance and any Security delivered by the Borrower shall be cancelled, released and of no further force and effect and the Lender shall discharge or hereby irrevocably authorize the Borrower to discharge any registrations that may have been made in respect of the Security.

15. Schedule A; Terms and Conditions

Schedule A sets out the terms and conditions (the "**Terms and Conditions**") which are applicable to the Borrower and which apply to the Credit Facility. The Terms and Conditions, including the defined terms set out therein, form part of this Offer to Finance, unless this Offer to Finance states specifically that one or more of the Terms and Conditions do not apply or are modified.

16. Notice

Any notice to be given to a party pursuant to this Offer to Finance or under any of the Security shall be in writing and either:

(a) delivered personally or by courier; or

(b) transmitted by fax, email or functionally equivalent electronic means of transmission, charges (if any) prepaid.

Any communication must be sent to the intended recipient at its address as follows:

To the Borrower at:

Digital Underground Media Inc.
219-255 West 1st Street
North Vancouver,
V7M 3G8

Attention: President
Email: ken@digitalundergroundmedia.com

To the Lender at:

DUM Holdings Inc.
100 King St. West, Suite 1600
Toronto, Ontario
M5X 1G5

Attention: Director
Email: dcraig@craigwireless.com

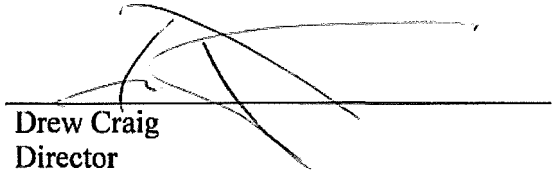
or at any other address as any party may at any time advise the other parties by notice given or made in accordance with this subsection. Any notice delivered to the party to whom it is addressed will be deemed to have been given or made and received on the day it is delivered at that party's address. Any notice transmitted by fax, email or other functionally equivalent electronic means of transmission will be deemed to have been given or made and received on the day on which it is transmitted.

17. Acceptance

If these conditions are acceptable to you please indicate your acceptance by signing and returning one copy of this Offer to Finance on or before June 3, 2014. After that date this Offer to Finance will become null and void. This Offer to Finance constitutes the entire agreement amongst the parties regarding the subject matter herein and supersedes all other agreements, offers, proposals and any oral discussions or agreements regarding the subject matter hereof.

Yours truly,

DUM HOLDINGS INC.

Per: 

Drew Craig
Director

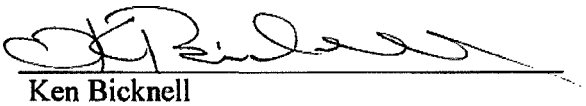
(I have authority to bind the corporation)

Acceptance

We declare that we have read and understood our obligations under this Offer to Finance and accept the terms, conditions and obligations hereof.

Executed at Vancouver this 3rd day of June, 2014

DIGITAL UNDERGROUND MEDIA INC.

Per: 

Ken Bicknell
President and CEO

(I have authority to bind the corporation)

SCHEDULE A
TERMS AND CONDITIONS

All capitalized terms used in this Schedule A shall have the meanings ascribed thereto in the Offer to Finance to which this Schedule A is attached unless otherwise specified.

1. Positive Covenants

In addition to all of the other obligations in the Offer to Finance, the Borrower shall:

(a) Use the proceeds of the Credit Facility for the purposes provided for herein.

(b) Continue to carry on business in the nature of or related to the business transacted by the Borrower for the account of the Borrower.

(c) Keep and maintain books of account and other accounting records in accordance with generally accepted accounting principles.

(d) Maintain, at all times, insurance coverage on its property against loss or damage caused by fire and any other risk as is customarily maintained by companies carrying on a similar business.

(e) Unless subject to contest or dispute, pay, when due, all taxes, assessments, deductions at source, income tax, or levies.

2. Additional Negative Covenants

The Borrower undertakes not to carry out the following transactions or operations without the prior written consent of the Lender:

(a) Grant loans to any of its officers, directors, shareholders or related parties other than in the normal course of business.

(b) Grant a loan or make an investment in or provide financial assistance to a third party by way of a suretyship, guarantee or otherwise other than in the normal course of business.

(c) Declare or pay dividends on any of its shares if the Lender's interest payments are not up to date.

(d) Purchase or redeem its shares, or make payments of principal or interest on loans owing by the Borrower to any of its shareholders, or otherwise reduce its capital if the Lender's interest payments are not up to date.

(e) Sell any of the assets, property or undertaking out of the ordinary course of its business.

(f) Perform any business or transaction in the name of or recorded or applied for the benefit of any person, firm or corporation other than the Borrower.

3. Other Conditions

(a) The Lender shall keep records evidencing the transactions effected under this financing. Such records shall be presumed to reflect these transactions and shall constitute conclusive evidence of the amounts due to the Lender.

(b) No proceeds of the Credit Facility may be transferred or assigned by the Borrower, any such transfer or assignment being null and void insofar as the Lender is concerned.

(c) The Borrower shall do all things and execute all documents deemed necessary or appropriate by the Lender, acting reasonably, for the purposes of giving full force and effect to the terms, conditions, undertakings hereof and the Security granted or to be granted hereunder.

4. Currency Indemnity

CDN$ loans must be repaid with CDN$ and the Borrower hereby indemnifies the Lender for any loss suffered by the Lender if loans are repaid otherwise.

5. Default Provisions

The occurrence of one or more of the following events shall constitute a default (each an **"Event of Default"**) under the Offer to Finance:

(a) the Borrower fails to make a payment of principal, interest, fees or any other amount when due hereunder;

(b) the Borrower fails to perform or otherwise breaches any obligation hereunder;

(c) the Borrower becomes insolvent, bankrupt or is in the process of winding-up, assigns its assets for the benefit of its creditors, files a proposal or gives notice of its intention to file such proposal or if a material adverse change occurs, in the opinion of the Lender acting reasonably, in the financial position or operations of the Borrower;

(d) proceedings are instituted by the Borrower or a third party for the Borrower's dissolution, winding-up or reorganization of its operations or the arrangement or readjustment of its debts or seeking a stay against any creditor of the Borrower;

(e) a creditor, trustee in bankruptcy, sequestrator, receiver, receiver and manager or trustee is appointed or takes possession of all or any portion of any of the Borrower's assets or if such assets are subject to a prior security interest or are seized;

(f) the Borrower is in default under the terms of any other contracts, agreements or writings with any other bank or financial institution or any other creditor that will have a material adverse effect;

(g) any representation or warranty made by the Borrower herein proves to be incorrect or erroneous at the time made;

(h) the Borrower ceases or threatens to cease to carry on business in the ordinary course; and

(i) any default or failure by the Borrower to make any payment of wages or other monetary remuneration payable by the Borrower to its employees under the terms of any contract of employment, oral or written, express or implied (unless such amounts are in dispute).

Upon the occurrence of an Event of Default, the Lender may terminate the Credit Facility, demand payment of the Credit Facility and take steps to enforce the Security held by the Lender from the Borrower.

6. Lender May Change Agreement

The Lender and the Borrower may agree to change the provisions of this Offer to Finance from time to time.

7. Severability

If any provision of the Offer to Finance, including this Schedule A, is or becomes prohibited or unenforceable in any jurisdiction, such prohibition and unenforceability shall be severable from all other provisions of this Offer to Finance and shall not invalidate or render unenforceable the provision concerned in any other jurisdiction nor shall it invalidate effect or impair any of the remaining provisions.

8. Expenses

The Borrower shall pay all fees and expenses (including but not limited to all legal fees) incurred by the Lender in connection with the preparation, registration and ongoing administration of the Offer to Finance and the Security and with the enforcement of the Lender's rights and remedies under the Offer to Finance and the Security whether or not any amounts are advanced hereunder. These fees and expenses shall be limited to one outside counsel expenses and all reasonable outside professional advisory expenses.

9. Non-Waiver

Any failure by the Lender to object to or take action with respect to a breach of the Offer to Finance or any Security shall not constitute a waiver of the Lender's right to take action at a later date on that breach. No course of conduct by the Lender will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of the Offer to Finance and the Security or the Lender's rights thereunder.

10. Entire Agreement

The Offer to Finance replaces and supersedes any previous letter agreements dealing specifically with the Credit Facilities. Agreements relating to other credit facilities made available by the Lender continues to apply for those other credit facilities.

11. Assignment

The Lender may not assign or grant participation in all or part of the Offer to Finance or in any loan made hereunder prior to an Event of Default which is continuing but may do so following an Event of Default which is continuing, without notice to and without the Borrower's consent.

The Borrower may not assign or transfer all or any part of its rights or obligations under the Offer to Finance.

****

AMENDMENT AGREEMENT

This amendment agreement (this "**Amendment**") is made and entered into as of the 27th day of July, 2015 (the "**Amendment Date**") by and between DIGITAL UNDERGROUND MEDIA INC. (the "**Borrower**") and DUM HOLDINGS INC. (the "**Lender**").

Preamble

WHEREAS the Borrower and the Lender are parties to an offer to finance dated June 3, 2014 (the "**Offer to Finance**") pursuant to which the Lender agreed to make available a Credit Facility to the Borrower;

AND WHEREAS, the Lender holds shares in the capital of the Borrower;

AND WHEREAS, the Borrower is entering into a subscription and investment agreement to obtain private equity financing from an affiliate of Forward Private Equity (the "**Investment Agreement**");

AND WHEREAS, in connection with the closing of the transactions consummated by the Investment Agreement, the Borrower, the Lender and the other shareholders will enter into a unanimous shareholders' agreement (the "**Unanimous Shareholders' Agreement**");

AND WHEREAS, the Lender has derived, and will derive, substantial economic benefits from the closing of the transactions contemplated in the Investment Agreement;

AND WHEREAS, in connection with the Investment Agreement, the Borrower and Lender (collectively, the "**Parties**") wish to set forth amendments to extend the Offer to Finance.

Amendment

NOW, THEREFORE in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties, the Parties, intending to be legally bound by this Amendment, agree as follows:

1. Capitalized Terms. Capitalized terms used in this Amendment and not otherwise defined, have the meanings given to them in the Offer to Finance.

2. Amendment to Interest Rate. Section 4 of the Offer to Finance is hereby deleted in its entirety and replaced with the following:

> As of the Amendment Date, the principal amount outstanding under the Credit Facility, together with accrued interest thereon is $491,724.18.
>
> From and after the Amendment Date, interest shall accrue at 7.5% per annum, calculated daily and payable concurrent with the repayment of principal as set forth in Section 5.
>
> Interest is payable both at and after maturity, default and judgment to the Lender.

3. Amendment to Repayment Obligation. Section 5 of the Offer to Finance is hereby deleted in its entirety and replaced with the following, with effect as of December 11, 2014:

> All outstanding principal and interest accrued shall be payable on the earlier of: (i) an Event of Default (as defined below); and (ii) in accordance with Section 4.2 of the Unanimous Shareholders' Agreement, a copy of which has been provided to the Lender, and which the Lender acknowledges receipt.

4. Offer to Finance to Remain in Force. Except as specifically set forth in Sections 2 and 3 of this Amendment, the Offer to Finance shall remain in full force and effect unamended.

5. Time of Essence. Time is of the essence in this Amendment in all respects.

6. Further Assurances. Each Party will execute all such further instruments and documents and do all such further actions as may be necessary to effectuate the documents and transactions contemplated in this Amendment.

7. General. This Amendment: (a) may be amended only by a writing signed by each of the Parties; (b) may be executed in several counterparts (including counterparts delivered by electronic means), each of which is deemed an original but all of which constitute one and the same instrument; (c) is governed by, and will be construed and enforced in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein; and (d) is binding upon, and will enure to the benefit of, the Parties and their respective successors, heirs legal representatives and assigns, as applicable.

[signature pages follow]

Each of the Parties has executed and delivered this Amendment as of the date noted at the beginning of the Amendment.

BORROWER:

DIGITAL UNDERGROUND MEDIA INC.

By: _____
Name:
Title:

LENDER:

DUM HOLDINGS INC.

By: _____
Name: KEN BICKNELL
Title: Director

[Signature Page to DUM Holdings Loan Amendment Agreement]

B

Attached is **Exhibit "B"**

referred to in the

Affidavit of DREW CRAIG

sworn before me

this day of November, 2017

_____

Commissioner for taking Affidavits, etc

From: Gavin Owston <gavin@forwarddimension.com>
Date: Thursday, September 24, 2015 at 3:44 AM
To: Ken Bicknell <ken@digitalundergroundmedia.com>
Cc: Drew Craig <drew.craig@craigwireless.com>, Michael Laitinen <mike@digitalundergroundmedia.com>
Subject: Re: Loan document

Ken/Drew,

I have had a look through the loan documentation. Essentially it provides security over DUs assets and pays 12% rolled up - correct me if that's incorrect. We'd prefer to step into this loan when the 1st milestone is achieved and funded. We are happy if Drew wants to do this now and take the 12% in house. I hope the reasons for this are fairly obvious, but essentially we'd just like to see a bit of financial performance coming through before committing more capital to DU.

I am happy to talk this through any time.

Regards,

Gavin

> On 15 Sep 2015, at 16:00, Ken@digitalUndergroundMedia <ken@digitalundergroundmedia.com> wrote:
>
> Gavin,
> Relative to the Windsor loan take out we need to explore FDC interest in participating at this point. Attached are draft loan docs for your review. Docs are too Late for our meeting today but we can conceptually discuss again.
> K

From: Mike Laitinen <mike@digitalundergroundmedia.com>
Date: Friday, September 11, 2015 at 5:28 PM
To: Drew Craig <drew.craig@craigwireless.com>, Ken Bicknell <ken@digitalundergroundmedia.com>
Subject: Fwd: Loan document

Here is the marked up version of the loan agreement

We need to know if Forward is participating because the documents will need to be changed to reflect two participants

Begin forwarded message:

From: "Aycan, Nurhan" <Nurhan.Aycan@gowlings.com>
Subject: RE: *Loan document*
Date: September 11, 2015 at 9:03:07 AM PDT
To: Michael Laitinen <mike@digitalundergroundmedia.com>
Cc: "Aycan, Nurhan" <Nurhan.Aycan@gowlings.com>

Hi Mike,

See attached revised clean draft of the Loan Agreement (the blackline indicates the changes made from your version). Also attached is a form of General Security Agreement. As part of the transaction, we will need to do PPSA registrations in BC (head office location) and Ontario (registered office location).

Let me know if you have any questions or comments.

Best regards,

Nurhan Aycan
Partner - Gowlings
T 416 814 5691 | F 416 862 7661 | nurhan.aycan@gowlings.com

From: Michael Laitinen [mailto:mike@digitalundergroundmedia.com]
Sent: September-08-15 11:22 PM
To: Aycan, Nurhan
Subject: Loan document

Hi Nurhan
Here is the draft loan document for JD Craig taking out the Windsor loan
I exported the pdf into word and tried to fix all formatting issues.
Please review and let me know what needs to change

I did not copy the general security agreement over just the loan document - as the general security agreement looks pretty standard and formatting takes forever from a pdf file - hoping you have a standard security agreement we can use

Thanks
Mike

Michael Laitinen
Chief Financial Officer
Digital Underground Media
Office: 604-971-4199
Cell: 604-999-3831
mike@digitalundergroundmedia.com

Michael Laitinen
Chief Financial Officer
Digital Underground Media
Office: 604-971-4199
Cell: 604-999-3831
mike@digitalundergroundmedia.com

<Digital Underground - JD Craig Loan GSA re Windsor take out financing-TOR_LAW-8780110-v1.DOC><Digital Underground - JD Craig Loan re Windsor take out financing-TOR_LAW-8778454-v1.DOCX><Digital Underground - JD Craig Loan re Windsor take out financing-TOR_LAW-8778454-vdoc.DOC>

C

Attached is **Exhibit "C"**

referred to in the

Affidavit of DREW CRAIG

sworn before me

this day of November, 2017

_____

Commissioner for taking Affidavits, etc

J.D. Craig Holdings Inc.
4280 Rockridge Rd.
West Vancouver, BC V7W 1A5

October 29th, 2015

Digital Underground Media Inc.
68 Water Street – Suite 501
Vancouver, BC
V6B 1A4

Attention: Ken Bicknell, President & CEO

Dear Sirs:

Re: Loan to Digital Underground Media Inc.

This is to confirm that, subject to the Borrower's acceptance of and agreement to this Agreement, the Lender is prepared to make the Loan to the Borrower on and subject to the terms set out below.

In consideration of the mutual obligations contained herein and for other consideration, the receipt and sufficiency of which are acknowledged, the parties hereto hereby agree as follows:

1. Definitions

Each word and expression defined or given an extended meaning in Schedule A is used in this Agreement with the defined or extended meaning assigned to it in Schedule A.

2. Loan

(a) Loan Amount and Purpose. Upon and subject to the conditions hereof, the Lender agrees to loan to the Borrower the principal amount of Cdn$2,281,133.61, which sum includes a $69,000 commitment fee, (the "Loan"), which shall be made available to the Borrower pursuant to the terms of this Agreement. The proceeds of the Loan shall be used to retire all of the outstanding obligations (collectively, the "**Windsor Obligations**") owing under the loan to the Borrower by Windsor Private Capital Limited Partnership ("**Windsor**").

(b) Advance. The Loan shall be made available in one advance (the "**Advance**") on the Closing Date, with a portion of the Advance sufficient to repay the Windsor Obligations paid directly by the Lender to Windsor. The principal amount of the Advance shall continue outstanding forming part of the Outstanding Principal Obligations and shall be subject to and governed by the terms and conditions of this Agreement.

3. Commitment Fee

The Borrower shall pay the Lender a commitment fee in an amount equal to Cdn. $69,000, (the "**Commitment Fee**"), which shall be added to and form part of the Outstanding Principal Obligations upon the Advance being paid.

4. Interest

(a) Interest. The Borrower shall pay the Lender interest on the Outstanding Principal Obligations calculated daily based on the actual number of days elapsed in a year of 365 or 366 days (as applicable) and compounded monthly and payable in arrears on the Maturity Date at a rate equal to the greater of: (i) twelve percent (12%) per annum; or (ii) the sum of three percent (3%) plus the Prime Rate per annum from the date of the Advance until the Loan is fully repaid.

(b) Interest on Overdue Amounts. If any sum due and payable by the Borrower hereunder is not paid when due in accordance with the applicable provisions of this Agreement (whether on its stipulated due date, on demand, on acceleration or otherwise) or upon notification to the Borrower by the Lender of the occurrence of an Event of Default which is continuing, and provided such Event of Default and/or the interest payable has not been cured or paid by the Borrower or waived by the Lender, then the Borrower shall pay to the Lender interest on the outstanding balance of such overdue sum (including principal, interest, fees and other amounts) at the rate of thirty-six percent (36%) per annum, calculated daily and compounded and payable monthly on the first Banking Day of each month from and after the due date of such sum or the date of the occurrence of such Event of Default to and including the date of payment in full.

(c) Interest Generally. Interest payable on any amount under this Agreement shall accrue and be payable both before and after maturity, demand, default and judgment at the applicable rate set out in Section 4(a) with interest on overdue interest at the rate set out in Section 4(b) until paid.

(d) No Deemed Reinvestment. The principle of deemed reinvestment of interest shall not apply to any interest, discount or fee calculation under this Agreement.

(e) Rates are Nominal Rates. The rates of interest, discount and fees stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

(f) Interest Act Compliance. For the purposes of the *Interest Act* (Canada), any rate of interest made payable under the terms of this Agreement at a rate or percentage (the "**Contract Rate**") for any period that is less than a consecutive 12 month period, such as a 360 or 365 day basis, (the "**Contract Rate Basis**"), is equivalent to the yearly rate or percentage of interest determined by multiplying the Contract Rate by a fraction, the numerator of which is the number of days in the consecutive 12 month period commencing on the date such equivalent rate or percentage is being determined and the denominator of which is the number of days in the Contract Rate Basis.

5. Payments and Prepayments

(a) Maturity Date. Unless the Loan Obligations are required to be repaid at an earlier date pursuant to the terms hereof, the Borrower shall repay the Outstanding Principal Obligations together with all accrued and unpaid interest and fees thereon and all other amounts owing hereunder on the Maturity Date.

(b) Prepayments. The Borrower shall have the right to prepay all or part of the Outstanding Principal Obligations, together with accrued interest thereon to the date of such prepayment and any other amounts outstanding, at any time or from time to time without penalty, upon ten (10) Banking Days' prior written notice to the Lender. Any pre-payment of Outstanding Principal Obligations shall be a permanent reduction in the Loan and cannot be advanced again to the Borrower. Notwithstanding anything contained herein .to the contrary, partial prepayments must be in amounts of not less than Cdn.$100,000.00.

(c) Place of Payment. Each payment in respect of Outstanding Principal Obligations, interest, fees and other amounts owing by the Borrower under or otherwise in respect of any Loan Document shall be made for value at or before 1:00 p.m. (Toronto time) on the day such payment is due, provided that, if any such day is not a Banking Day, such payment shall be deemed for all purposes of this Agreement to be due on the Banking Day immediately preceding such day (and any such adjustment shall be taken into account for purposes of the computation of interest and fees payable under this Agreement). All payments shall be made by wire transfer to the Lender pursuant to the wire instructions set out in Schedule C or such other means that the Lender may from time to time advise the Borrower in writing. Any payment received after 1:00 p.m. (Toronto time) on a Banking Day shall be credited for value on the next following Banking Day.

6. Security

(a) Security Documents on Closing. As general and continuing security to secure the due payment and performance of the Loan Obligations, the Borrower shall deliver to the Lender for the benefit of the Lender, or cause the delivery to the Lender for the benefit of the Lender of, each of the agreements, documents and instruments (each in form and substance satisfactory to the Lender) listed below to be executed and/or delivered by the Borrower on the Closing Date:

(i) a general security agreement from the Borrower in favour of the Lender, constituting a first-priority lien on all of the present and future property of the Borrower subject to Permitted Liens; and

(ii) such further documents, security agreements, deeds or other instruments of conveyance, assignment, transfer, mortgage, pledge or charge as the Lender may reasonably request to effectively secure the undertaking, property and assets of the Borrower.

(b) Registration. Unless the Lender notifies the Borrower or its counsel otherwise, the Borrower shall, at its expense, cause the Borrower's counsel and their respective agents to register, file or record the Security (or a financing statement, notice or other document in respect thereof) on behalf of the Lender in all offices where such registration is necessary or of advantage, in the opinion of the Lenders' counsel, to create, preserve, protect and perfect the Security and its validity, effect, priority and perfection at all times, including any land registry or land titles office. The Borrower shall renew such registrations, filings and recordings from time to time as and when required to keep them in full force and effect.

(c) Valid Lien. All Security shall constitute a valid first ranking Lien which Lien shall be a first priority Lien on the assets charged thereby subject to Permitted Liens.

(d) Further Assurances. The Borrower shall, forthwith and from time to time on request from the Lender, execute and deliver or cause to be executed and delivered by the Credit Parties, all such agreements, documents and instruments (including any change to any Loan Document) and do or cause to be done all such other matters and things which in the reasonable opinion of the Lender or the Lender's counsel may be necessary to give the Lender (so far as may be possible under any applicable law) the Liens and the priority intended to be created by the Loan Documents or to facilitate realization under such Liens.

7. Legal Fees and Expenses

The Borrower shall promptly pay all reasonable legal fees and disbursements of the Lender in respect of the Loan, the preparation and issuance of the Loan Documents, the enforcement and preservation of the Lender's rights and remedies, and all reasonable fees and costs relating to credit reporting and responding to demands of any government or any agency or department thereof, whether or not the documentation is completed or any funds are advanced under this Agreement. In addition to any other fees or expenses payable under this Agreement, upon the occurrence of a Default or Event of Default which is continuing, Borrower shall pay to Lender a default administration fee, as liquidated damages and not as a penalty, of Cdn.$1,500 for each month the Loan remains in default.

8. Representations and Warranties

Each Credit Party represents and warrants to the Lender in accordance with Schedule B.

9. Conditions Precedent

Subject to Section 9(b), the Borrower shall ensure that each of the following conditions has been satisfied on or before the Closing Date:

(a) the Lender has received all of the following in form and substance satisfactory to the Lender:

(i) originals of each of the Loan Documents duly executed by the applicable Credit Party;

(ii) an executed payout letter or discharge from Windsor confirming, *inter alia*, the amount of the Windsor Obligations to be repaid, and that upon receipt of repayment of the Windsor Obligations all security held by Windsor will be released and the Lender or its counsel will be permitted to discharge or terminate all registrations, filings, financing statements or other evidence of the security interests held by Windsor;

(iii) evidence that all registrations and other actions as may be necessary to create,

perfect, preserve and protect the Security and its validity, effect and first priority have been effected;

(iv) evidence to the satisfaction of the Lender that all corporate, regulatory, governmental, and other approvals necessary in connection with the execution and delivery of the Loan Documents by each Credit Party and the consummation of the transactions contemplated thereby have been obtained;

(v) evidence to the satisfaction of the Lender that the Security constitutes a first ranking security interest against the Credit Parties' assets that are subject to the Security, subject to Permitted Liens;

(vi) evidence that appropriate financing statements have been duly filed in such office or offices as may be necessary or, in the opinion of Lender, desirable to perfect the Security, and Lender shall have received searches reflecting the filing of all such financing statements;

(vii) all requested estoppel letters and acknowledgments in respect of the Permitted Liens;

(viii) payment of all fees due and payable to the Lender on the Closing Date pursuant to or otherwise in respect of this Agreement, including payment to the Lender of all reasonable fees, costs and expenses (invoiced or estimated) payable by the Lender to the Lender's counsel in respect of the Loan Documents pursuant to Section 7 hereof; and

(ix) such other agreements, documents and instruments as the Lender may reasonably require.

(b) The conditions set forth in Sections 9(a) are inserted for the sole benefit of the Lender and may be waived by the Lender, in whole or in part (with or without terms or conditions) for any purpose at any time without prejudicing the rights of the Lender at any time thereafter to require compliance with such conditions for that or any other purpose.

10. Covenants

Until payment in full of all Loan Obligations owing by the Borrower to the Lender, each Credit Party covenants and agrees with the Lender, unless the Lender otherwise consents in writing, that it will:

(a) duly and punctually pay each sum payable by it under each Loan Document to which it is a party in the manner specified in such Loan Document;

(b) not permit any Liens (except for Permitted Liens) to exist upon or with respect to any of the property or assets that are subject to the Security;

(c) fully and effectually maintain and keep maintained the Security granted to the Lender

under the Security Documents to which it is a party as a valid and effective first priority Lien (subject only to Permitted Liens) at all times;

(d) ensure that all representations and warranties made in this Agreement are true and correct at all times, except for representations and warranties made as of a date expressly stated therein;

(e) not change the location of its business (or residence, as applicable) or its name, without adequate prior written notice to the Lender in order to allow the Lender to complete, at the Borrower's expense all registrations or filings in such other jurisdictions as the Lender, acting reasonably, shall consider necessary or advisable in protecting or preserving Lender's first priority Lien (subject to Permitted Liens);

(f) continue to conduct and operate its business in a proper, efficient and businesslike manner

(g) not to sell, transfer or otherwise dispose of or enter into any agreement to sell, transfer or otherwise dispose of, all or any part of the property or assets that is subject to the Security (other than, in the case of the Borrower only, in the ordinary course of business);

(h) not incur any additional indebtedness nor issue any debt securities without the prior written consent of the Lender;

(i) fully and effectually maintain and keep maintained the Security granted to the Lender under the Security Documents to which it is a party as a valid and effective first priority Lien (subject only to Permitted Liens) at all times;

(j) not create or acquire any new subsidiaries without the prior written consent of the Lender, acting reasonably;

(k) insure and keep insured all of its property and assets that are subject to the Security in accordance with good commercial practice;

(l) not make distributions of any kind whether by way of dividend or otherwise on its common shares or preferred shares outstanding;

(m) comply, in all material respects with all applicable laws;

(n) to pay, when due, all Taxes, property taxes, business taxes, assessments and governmental charges or levies imposed upon it or upon its income, capital or profit or any property belonging to it;

(o) comply in all material respects and perform its obligations under all material leases (whether real or personal property), contracts and other agreements to which it is a party or by which it is bound;

(p) not to consolidate, amalgamate, acquire or merge with any other Person, enter into any corporate reorganization or other transaction intended to effect or otherwise permit a change in its

existing corporate structure, liquidate, wind-up or dissolve itself, or permit any liquidation, winding-up or dissolution;

(q) not enter into any transactions with any officer, director or shareholder without the prior written consent of the Lender other than upon terms and conditions that would be obtainable in a comparable transaction completed at arm's length and which are approved by the board of directors (or managers, as applicable) of the Borrower and fully disclosed in writing to the Lender;

11. Reporting Requirements

(a) The Borrower shall as soon as it obtains knowledge of any Material Adverse Change give notice to the Lender of such Material Adverse Change.

(b) The Borrower shall as soon as it obtains knowledge of any Default or Event of Default, give notice to the Lender of such Default or Event of Default, together with an outline in reasonable detail of the action it is taking to remedy such Default or Event of Default.

(c) The Borrower shall promptly notify the Lender of any material action, suit, proceeding, complaint, notice, order or claim under any Environmental Law which is commenced or issued or of which it becomes aware which is pending or issued against or, to the best of its information, knowledge and belief, affecting the Borrower, any Credit Party or any of their respective property and assets that are subject to the Security at law, in equity or before any arbitrator or before or by any governmental department, body, commission, board, bureau, agency or instrumentality in respect of which the Borrower determines in good faith that there is a reasonable possibility of a determination adverse to the Borrower.

12. Events of Default

The occurrence of any one or more of the following events (being herein referred to as an "**Event of Default**") shall constitute a default under this Agreement:

(a) Default in Payment. If the Borrower fails to pay any Outstanding Principal Obligation, interest, fees or other amounts as and when the same becomes due and payable under this Agreement or any other Loan Documents.

(b) Default in Performance, Etc. If any Credit Party defaults in the performance or observance of any term, condition or covenant contained in this Agreement or any other Loan Document.

(c) Security. If the Security, or any part thereof, ceases at any time after its execution and delivery to constitute a Lien of the rank contemplated by this Agreement.

(d) Procedures against the Credit Parties. If an execution, writ of seizure and sale, or any other analogous process of any court becomes enforceable against a Credit Party (except if (i)

such process is contested in good faith by appropriate proceedings and for which a reserve reasonably satisfactory to the Lender is provided and (ii) such process does not materially adversely affect its business, operations, prospects, properties or assets or condition, financial or otherwise or its ability to perform its obligations under the Loan Documents) or if a sequestration, distress or analogous process is levied upon the property related to the Loan Documents of a Credit Party, or any part thereof;

(e) Taking of possession of any property or other asset of a Credit Party. If an encumbrancer takes possession of any property or asset of a Credit Party, or any part thereof which, in the opinion of Lender, is substantial or if a distress or execution or any similar process be levied or enforced there against and such condition continues for a period of 30 days after its occurrence;

(f) Abandons of property or assets. If a Credit Party abandons its undertaking, property and assets or any material part thereof;

(g) Consent. If any governmental or other consent, licence, or authorization required to make any Loan Document legal, valid, binding and enforceable or required in order to enable any of the Credit Parties to perform its obligations thereunder is withdrawn or ceases to be in full force and effect and such consent, license or authorization is not reinstated within thirty (30) days except with respect to any such withdrawal or cessation which would not have a material adverse effect on the business of such Credit Party or the security granted to Lender hereunder;

(h) Insolvency. If any Credit Party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally as they become due or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against any Credit Party seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of twenty (20) days or any of the actions sought in such proceeding (including the entry of an order for relief against it or the appointment of a receiver, trustee custodian or other similar official for it or for any substantial part of its property) shall occur; or any Credit Party shall take any action to authorize any of the, actions set forth above in this Section 12(h).

(i) Misrepresentation. If any representation or warranty made by any Credit Party under any Loan Document to which it is a party shall prove to have been incorrect or misleading in any material respect when made or deemed to be made.

(j) Binding Obligations. If the material obligations of any Credit. Party under any of the Loan Documents shall cease to constitute the legal, valid and binding obligations thereof or shall cease to be in full force and effect or any Credit Party shall have contested the validity of any of the Loan Documents or denied that such Credit Party had any liability under such

Loan Document.

(k) Material Agreements. If any Credit Party defaults in the performance or observance of any material term, condition or covenant contained in any material agreements to which it is a party, including, but not limited to the First Mortgage, and any other debt instrument issued thereby, and such default has not been cured within any applicable cure period provided for therein.

(l) Material Adverse Change. There has occurred an event or development which constitutes a Material Adverse Change.

13. Acceleration

Upon the occurrence of any Event of Default, the Lender shall give notice in writing to the Borrower of the occurrence of an Event of Default with details thereof. The Borrower shall then have a period of fifteen (15) days to cure each of the Events of Default set out in such notice, failing which upon the expiration of such fifteen (15) day period, the Lender may in its sole discretion, take any or all of the following actions:

(a) declare the Outstanding Principal Obligations and accrued interest owing thereon to be immediately due and payable;

(b) enforce and realize upon the Security or any of it; and

(c) proceed by any other action, suit, remedy or proceeding authorized or permitted by this Agreement, or by law or by equity.

Notwithstanding anything herein to the contrary, if an Event of Default referred to in Section 12(a), (h), (i) or (l) occurs, unless the Lender otherwise agrees, the Loan Obligations shall be accelerated and become immediately due and payable automatically without any action on the part of the Lender being required.

14. Remedies Cumulative

It is expressly understood and agreed that the rights and remedies of the Lender hereunder or under any other Loan Document or other instrument executed pursuant to this Agreement are cumulative and are in addition to and not in substitution for any rights or remedies provided by law or by equity; and any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in this Agreement or any other Loan Document shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Lender may be lawfully entitled for such default or breach.

15. Application of Payments and Proceeds of Realization After an Event of Default

If any Event of Default shall occur which is continuing, all payments made by the Borrower hereunder shall be applied in the following order:

(a) to amounts due hereunder as costs and expenses of the Lender or of any receiver appointed by the Lender or any similar agent (including costs and expenses incurred in the exercise of all or any of the powers granted to it hereunder);

(b) to amounts due hereunder as fees;

(c) to any other amounts (other than amounts in respect of interest or principal) due hereunder;

(d) to amounts due hereunder as interest;

(e) to amounts due hereunder as Outstanding Principal Obligations; and

(f) any balance to the Borrower or as a court of competent jurisdiction shall determine.

16. Power of Attorney

Upon the Security becoming enforceable, the Borrower hereby irrevocably nominates and constitutes the Lender, with full power of substitution, its true and lawful attorney and agent, with full power and authority, in its name, place and stead, to sign and deliver any such deeds, documents, certificates, agreements and written instruments and to take such further action as is required to realize on the Security, which powers are coupled with an interest. Such power of attorney shall not be exercisable by the Lender unless a Default or Event of Default has occurred.

17. Books and Records

Upon the request of the Lender from time to time, each Credit Party shall provide the Lender with access to all of its books and records, including without limitation, tax returns, notice of assessments, any notices or proceedings, whether pending or threatened, (including any regulatory investigations or alleged misconduct) by any third party including, without limitation any government authority and any notices or correspondence relating to the assets subject to the Security. Without limiting the foregoing, each Credit Party will permit the Lender, and each of its duly authorized representatives or agents to visit any of its properties and inspect any of its assets subject to the Security or books and records, to examine and make copies of its books and records, and to discuss its affairs, finances, and accounts with, and to be advised as to the same by, such Credit Party at such reasonable times and intervals as the Lender may designate. Upon the occurrence of a Default or an Event of Default which is continuing, the Lender may conduct any review of any Credit Party which the Lender deems necessary, including a review of the books and records thereof, all at the cost of the Borrower at the rate of Cdn.$500 per hour.

18. General

(a) Waivers. The Lender may waive any breach by the Borrower of any provision of this Agreement or any other Loan Document or performance of any covenant or condition to be observed or performed by any Credit Party hereunder or any other Loan Document. No

waiver and no act or omission by the Lender in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent breach, whether of the same or a different nature, or the rights arising therefrom. Failure by the Lender to exercise any right, remedy or option under any Loan Document or delay by the Lender in exercising such right, remedy or option will not operate as a waiver by the Lender of its right to exercise any such right, remedy or option. No waiver by the Lender will be effective unless it is in writing and then only to the extent specifically stated. Lender's rights and remedies under the Loan Documents will be cumulative and not exclusive of any other right or remedy which the Lender may have.

(b) Further Assurances. The Borrower shall take such action and execute and deliver such documents as the Lender may reasonably request from time to time to give effect to the terms, conditions, provisions, purpose and intent of this Agreement.

(c) Evidence of Indebtedness. Notwithstanding the terms and conditions set out herein and the existence of any promissory notes that may be issued by the Borrower to the Lender from time to time, the Borrower acknowledges that the actual recording of the amount of the Outstanding Principal Obligations or repayment thereof under this Agreement and interest, fees, and other amounts due hereunder shall constitute, in the absence of demonstrable or clerical error, "prima facie" evidence of the indebtedness and liabilities of the Borrower from time to time under this Agreement, provided that the obligation of the Borrower to pay or repay any indebtedness shall not be affected by the failure of the Lender to make such recording.

(d) Set-off. The Loan Obligations will be paid by the Borrower without regard to any equities between the Borrower and the Lender or any right of set-off or counterclaim. Any indebtedness owing by the Lender to the Borrower, direct or indirect, extended or renewed, actual or contingent, matured or not, may be set off or applied against, or combined with, the Loan Obligations by the Lender at any time, either before or after maturity, without demand upon or notice to anyone.

(e) Agreements. Each reference in this Agreement to any agreement or document (including this Agreement and any other term defined in Schedule A that is an agreement or document) shall be construed to include such agreement or document (including any attached schedules, appendices and exhibits) and each amendments made to it at or before the time in question.

(f) Headings, etc. The Article and Section headings in this Agreement are included solely for convenience, are not intended to be full or accurate descriptions of the text to which they refer and shall not be considered part of this Agreement. The terms **"this Agreement", "hereof", "hereunder"** and similar expressions refer to this Agreement and not to any particular Article, Section, Subsection, Schedule, paragraph, subparagraph, clause or other portion of this Agreement.

(g) Grammatical Variations. In this Agreement, unless the context otherwise requires, (i) words and expressions (including words and expressions (capitalized or not) defined or

given extended meanings) in the singular include the plural and vice versa (the necessary changes being made to fit the context), (ii) words in one gender include all genders and (iii) grammatical variations of words and expressions (capitalized or not) defined, given extended meanings or incorporated by reference herein shall be construed in like manner.

(h) Certain references. To the extent the context so admits, any reference in this Agreement to **"include", "includes" and "including"** shall be construed to be followed by the statement "without limitation" and none of such terms shall be construed to limit any word or statement which it follows to the specific items or matters immediately following it or similar terms or matters.

(i) Amendment. This Agreement and documents collateral hereto may be modified or amended only if the Borrower and the Lender so agree in writing. All prior agreements, understandings, representations, warranties, and negotiations between the parties hereto with respect to the subject matter of this Agreement and the Loan Documents, are merged into this Agreement and the Loan Documents.

(j) Entire Agreement. There are no representations, warranties, conditions, other agreements or acknowledgments, whether direct or collateral, express or implied, that form part of or affect this Agreement or any other Loan Document other than as expressed herein or in such other Loan Document. The execution of each Loan Document has not been induced by, nor does the Borrower rely upon or regard as material, any representations, warranties, conditions, other agreements or acknowledgments not expressly made in any Loan Document.

(k) Notice. Demand, presentment, protest, notice of default, notice of acceleration, notice of intention to accelerate and notice of non-payment are hereby waived by the Borrower. The Borrower also waives the benefit of all laws pertaining to or otherwise concerning any valuation, appraisal and exemption of Borrower's property. Recourse to any security held by the Lender pursuant to this Agreement will not be required at any time.

19. Indemnification by the Credit Parties

Each Credit Party shall indemnify and save harmless each of the Lender and its officers' directors, employees, agents, advisors, representatives and affiliates (each, an **"Indemnified Party")** from and against, and shall on demand pay to each Indemnified Party, on a full indemnity basis, any and all losses and expenses (including interest and, to the extent permitted by applicable law, penalties, fines and monetary sanctions) which an Indemnified Party suffers or incurs as a result of or otherwise in respect of:

(a) any claim or liability of any kind relating to an Environmental Law which arises out of the execution, delivery or performance of, or the enforcement or exercise of any right under, any Loan Document, including any claim in nuisance, negligence, strict liability or other cause of action arising out of a discharge of a Hazardous Substance, any fines or orders of any kind that may be levied or made pursuant to an Environmental Law in each case relating to or otherwise arising out of any of the assets or property of the Borrower;

(b) the direct or indirect use or proposed use of the proceeds of any Advance;

(c) any Default or Event of Default; or

(d) any litigation commenced against any Indemnified Party arising out of the execution, delivery or performance of, or the enforcement of any right under, any Loan Document.

The Lender shall be constituted as the agent and bare trustee of each Indemnified Party and shall hold and enforce each such Indemnified Party's rights under this paragraph for such party's benefit. The foregoing indemnity shall not apply in respect of losses and expenses of an Indemnified Party to the extent that they are determined by a final judgment of a court of competent jurisdiction to have directly resulted from the fraud, gross negligence, willful misconduct or unexcused breach of that Indemnified Party.

20. Effective Rate

If the aggregate "interest" payable hereunder is deemed by a court to be in the nature of an unlawful penalty, or if any payment, collection or demand pursuant to this agreement in respect of "interest" is determined to be unlawful in any respect, such payment, collection or demand shall be deemed to have been made by mutual mistake of the Borrower and the Lender and the amount of such payment or collection shall be refunded to the Borrower. For purposes hereof, the effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices and principles over the term of the Loan on the basis of annual compounding of the lawfully permitted rate of interest and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Lender will be conclusive for the purposes of such determination. If it is not determinable which particular payment or collection is determined to be unlawful and contrary to the law, the Lender will, in consultation with the Borrower, determine the payments or collections to be refunded.

21. Governing Law

This Agreement and all documents delivered pursuant hereto shall, unless otherwise specified therein, be governed by and construed in accordance with the laws of the Province of Ontario.

22. Time of the Essence

Time shall in all respect be of the essence of this Agreement, and no extension or variation of this Agreement or of any obligation hereunder shall operate as a waiver of this provision.

23. Release of Security

Promptly upon repayment in full of the Loan Obligations and at the written request of the Borrower, the Lender will, at the expense of the Borrower, sign discharges, documents, certificates and written instruments reasonably required to discharge the Security.

24. Finder's Fees.

No broker's or finder's fee or commissions will be payable by reason of any action of the Borrower or the Lender with respect to any of the transactions contemplated hereby.

25. Notices

All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or a responsible employee of the Lender or the Borrower, as the case may be, or sent by facsimile or other direct electronic means, charges prepaid, as follows:

In the case of the Borrower:

To the address set forth on the first page of the Agreement

Attention: Michael Laitinen

Email: mike@digitalundergroundmedia.com

In the case of the Lender:

JD Craig Holdings Inc.
4280 Rockridge Rd, West Vancouver, BC
V7W 1A5
Attention: John Drew Craig
Email: drew.craig@craigwireless.com

or to such other address or addresses as either party hereto may from time to time designate to the other party in such manner.

26. Severability

Any provision hereof which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

27. Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of any other Loan Document, the Lender shall determine in its sole and absolute discretion which provisions shall prevail and be paramount.

28. Successors and Assigns

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective personal legal representatives, heirs, executors, administrators, successors and permitted assigns, as applicable. The Lender shall have the right to assign this Agreement and any other Loan Document without the prior written consent of the Borrower. The Borrower shall not assign all or any of its rights or obligations under this Agreement and any other Loan Document.

29. Independent Legal Advice

Each Credit Party acknowledges that it has had ample opportunity to review and consider the terms and conditions of this Loan Agreement and the other Loan Documents to which it is a party and fully understands the terms and conditions hereof and has received legal advice from its solicitors in connection with this Loan Agreement and the other Loan Documents to which it is a party. Each Party further acknowledges that Gowling Lafleur Henderson LLP ("**Gowlings**"), including Nurhan Aycan, is acting solely on behalf of the Borrower, and each of the Parties hereby explicitly consents to Gowlings acting on behalf of the Borrower and waives any conflicts it may have against Gowlings in respect of it acting as counsel to the Borrower and in recognition of the fact that Gowlings has acted on behalf of the Lender on other matters.

30. Multiple Borrowers

Whenever the term "Borrower" includes more than one party:

(a) all covenants, liabilities, and obligations entered into by or imposed on the Borrower herein are deemed to be joint and several; and

(b) each of the parties constituting the Borrower is, as between them, a principal debtor in respect of the Loan and all monies payable under any of the Loan Documents and notwithstanding any subsequent change in their position *inter se* or notice thereof for all purposes of this Agreement shall remain a principal debtor and the Lender is not bound by or obliged to recognize any such change or notice.

31. Execution

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. Transmission of a copy of an executed signature page of this Agreement (including any amendments to this Agreement) by facsimile transmission or e-mail in pdf format shall be effective as delivery of an original manually executed counterpart hereof.

32. Survival

The terms of this Agreement shall survive the execution, delivery and registration of the

Security.

Please indicate your agreement and acceptance by returning a signed copy of this Agreement.

Yours very truly,

J.D. Craig Holdings Inc.

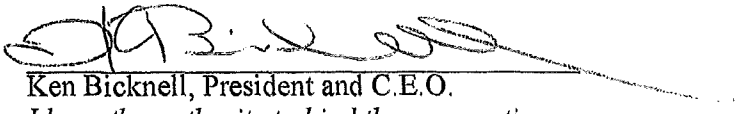
By:_____
John Drew Craig, CEO

ACKNOWLEDGEMENT AND AGREEMENT

The undersigned acknowledges that it has received a copy of this Agreement and a copy of all of the other Loan Documents.

Agreed and accepted as of the date first written above.

DIGITAL UNDERGROUND MEDIA INC.



Ken Bicknell, President and C.E.O.
I have the authority to bind the corporation

SCHEDULE A
Definitions

In this Agreement:

"Advance" has the meaning ascribed thereto in Subsection 2(b) hereof;

"Agreement" means this agreement and all Schedules attached hereto as the same may be amended, restated, replaced or superseded from time to time;

"Banking Day" means a day other than a Saturday or a Sunday or other day on which banks are required or authorized to close in Toronto, Canada;

"Borrower" means Digital Underground Media Inc. and each of its successors and permitted assigns;

"Canadian Dollars" and **"Cdn.$"** mean the lawful currency of Canada in immediately available funds;

"Closing Date" means the date hereof or such other date on which the Lender confirms to the Borrower that the conditions set forth in Section 9 have been met to its satisfaction;

"Commitment Fee" has the meaning ascribed thereto in Section 3 hereof;

"Credit Parties" means the Borrower and any other Person added to this Agreement as a credit party from time to time upon the mutual written agreement of the parties hereto;

"Default" means an event or circumstance, the occurrence or non-occurrence of which would, with the giving of a notice, lapse of time or a combination thereof, constitute an Event of Default unless remedied within the prescribed period or waived in writing by the Lender;

"Environmental Laws" means any present or future applicable federal, provincial, municipal or other local law, statute, regulation or by-law, code, ordinance, decree, directive, standard, policy, rule, order, treaty, convention, judgment, award or determination for the protection of the environment or human health in any applicable jurisdiction;

"Event of Default" means any of the events described in Section 12;

"GAAP" or "generally accepted accounting principles" means, at any time, accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis and includes, without limitation, International Financial Reporting Standards (except for changes made with the prior written consent of the Lender;

"Lender" means J.D. Craig Holdings Inc., and its successors and permitted assigns;

"Lien" means any mortgage, charge, pledge, hypothecation, security interest, assignment, encumbrance, lien (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant, adverse claims, royalties, third party claims, or other encumbrance, whether fixed or floating over any property, whether real, personal or mixed, tangible or intangible, of any nature or any other arrangement or condition that in substance secures payment or performance of an obligation;

"Loan" has the meaning ascribed thereto in Subsection 2(a) hereof;

"Loan Documents" means, collectively, this Agreement, the Security Documents, the Warrant and any other agreements or documents entered into in connection with the transactions contemplated herein and therein and until the Loan Obligations are repaid in full, and **"Loan Document"** means any one of them;

"Loan Obligations" means the present and future indebtedness, obligations, liabilities, promises, covenants, responsibilities and duties (actual or contingent, joint or several, absolute or contingent, direct or indirect, matured or unmatured, now existing or arising hereafter), whether arising by agreement or statute, at law, in equity or otherwise of the Borrower, whether as principal debtor, guarantor, surety or otherwise, owing or incurred to the Lender arising under, by reason of or otherwise in respect of each of this Agreement or any other Loan Document;

"Material Adverse Change" means a material adverse change in (a) the assets (including, without limitation, the assets subject to the Security), liabilities, financial position or prospects of any Credit Party, or (b) the ability of any Credit Party to perform any of its obligations under any of the Loan Documents, or (c) the validity or enforceability of this Agreement or any of the other Loan Documents or the rights and remedies of the Lender hereunder or thereunder provided, however, that any change (i) relating to general political, economic or financial conditions in Canada, (provided that a Credit Party is not disproportionately affected by such changes),(ii) relating to changes in GAAP, or (iii) attributable to the negotiation, execution, announcement or performance of this Agreement or the transactions contemplated hereby or the consummation of the transactions contemplated by this Agreement, shall be deemed not to constitute a "Material Adverse Change" and shall not be considered in determining whether a "Material Adverse Change" has occurred;

"Maturity Date" means March 31, 2017;

"Outstanding Principal Obligations" means, at any time, the aggregate principal amount of all Advances made by the Lender to the Borrower hereunder, outstanding at such time;

"Permitted Liens" means:

(a) a Lien for Taxes, assessments or governmental charges:

(i) which are not due or delinquent at that time; or

(ii) the validity of which the Borrower is contesting diligently and in good faith;

(b) the Lien of any judgment rendered, or order filed, against assets of the Borrower which the Borrower is contesting diligently and in good faith at that time:

(i) in respect of which the Borrower has set aside a reserve sufficient to pay such judgment or claim in accordance with GAAP; or

(ii) which are not material, having regard to the assets and properties of the Borrower;

(c) a Lien, privilege or other charge imposed or permitted by law (such as, without limitation, a carrier's Lien, builder's Lien or materialmen's Lien) which either:

(i) relates to obligations not due or delinquent at that time; or

(ii) at such time is not a material risk to assets of the Borrower whether because no steps or proceedings to enforce the Lien, privilege or charge have been initiated at that time or because the value of the assets of the Borrower affected thereby is not material to the Borrower;

(d) an undetermined or inchoate Lien, privilege or charge arising in the ordinary course of its current operations:

(i) which has not been filed pursuant to law against the Borrower or the assets of the Borrower at that time;

(ii) in respect of which no steps or proceedings to enforce such Lien, privilege or charge have been initiated at that time;

(iii) which relates to obligations which are not due or delinquent at that time; or

(iv) if, at such time, such Lien, privilege or charge does not pose a material risk to assets of the Borrower whether because no steps or proceedings to enforce the Lien, privilege or charge have been initiated at that time or because the value of the assets of the Borrower affected thereby is not material to the Borrower; and

(e) Liens on amounts deposited to secure Borrower's obligations in connection with the making or entering into of bids, tenders, or leases in the ordinary course of business and not in connection with the borrowing of money, and

(f) Liens on amounts deposited to secure Borrower's reimbursement obligations with respect to surety or appeal bonds obtained in the ordinary course of business,

(g) the Security;

provided that nothing in this definition or any Loan Document shall (i) be construed as evidencing an intention or agreement on the part of the Lender that the Security be or have been subordinated to any such Permitted Lien; or (ii) cause any such subordination to occur

"Person" means an individual, company, partnership (whether or not having separate legal personality), corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a government, state or political subdivision thereof;

"Prime Rate" means the variable rate of interest, per annum, announced by the Royal Bank of Canada from time to time as its "prime rate" for loans denominated in Canadian Dollars;

"Security" means the Liens and guarantees created (or intended to be created) from time to time by the Security Documents;

"Security Documents" means at any time the agreements, documents and instruments listed in Section 6(a) and each additional agreement, document and instrument delivered to or for the benefit of the Lender at or before such time to secure or guarantee, directly or indirectly, the payment or performance of any of the Loan Obligations; and

"Taxes" includes all present and future income, corporation, capital gains, capital and value-added and goods and services, harmonized sales, real property taxes and all stamp and other taxes and levies, imposts, deductions, duties, charges and withholdings whatsoever together with interest thereon and penalties with respect thereto, if any, and any other taxes, customs duties, fees, assessments, royalties, duties, deductions, compulsory loans or similar charges in the nature of a tax, including Canada Pension Plan and provincial pension plan contributions, employment insurance payments and workers compensation premiums, together with any instalments, and any interest, fines and penalties, additions to tax or other additional amounts, imposed, assessed, reassessed or collected by any governmental authority, whether disputed or not.

SCHEDULE B
REPRESENTATIONS AND WARRANTIES

1. Representations and Warranties

Each Credit Party hereby represents and warrants as follows to the Lender and the Lender acknowledges and confirms that the Lender is relying upon such representations and warranties:

(a) Corporate Status. The Borrower is duly incorporated or formed and validly existing under the laws of its incorporating jurisdiction and the Borrower has all necessary corporate (or equivalent) power and authority to conduct its business as presently conducted and to own or lease its properties and assets in each jurisdiction where such properties and assets are situated or such business is conducted.

(b) Corporate Power and Authority. The Borrower has full corporate (or equivalent) power and authority to enter into each Loan Document to which it is a party, to complete the Acquisition and to do all acts and things and execute and deliver all documents as are required hereunder or thereunder to be done, observed or performed by it in accordance with the terms thereof.

(c) (c) Authorization and Enforceability. The Borrower has taken all necessary corporate action to authorize the creation, execution, delivery and performance of the Loan Documents to which it is a party, and to observe and perform the provisions of each in accordance with its terms. This Agreement and each of the other Loan Documents to which it is a party have been delivered by the Borrower and constitute valid and legally binding obligations thereof which are enforceable against the Borrower in accordance with their respective terms, subject to applicable bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and to the availability of equitable remedies.

(d) Conflict with Constating Documents, Agreements and Applicable Law. Neither the execution and delivery of the Loan Documents nor compliance by it with the terms, conditions and provisions hereof and thereof, conflicts with or will conflict with or has resulted or will result in a breach of any of the terms, conditions or provisions of:

(i) in the case of any corporate Credit Party only, its constating documents or by-laws or any shareholders' agreement relating to it;

(ii) in the case of any corporate Credit Party only, any resolution of its shareholders, directors or any committee of directors;

(iii) any material agreement, instrument or arrangement to which it is now a party or by which it, or its properties are, or may be, bound;

(iv) any judgment or order, writ, injunction or decree of any court; or

(v) any applicable law,

or results or will result in the creation or imposition of any Lien upon any of its property other than the Security.

(e) No Other Authorization or Consents Necessary. No action (including, the giving of any consent, licence, right, approval, authorization, registration, order or permit) of, or filing with, any governmental or public body or authority is required to authorize, or is otherwise required in connection with, the execution, delivery and performance by it of any Loan Documents or in order to render this Agreement or any of the other Loan Documents legal, valid, binding or enforceable, except those actions which have been obtained or filings which have been made.

(f) No Third Party Consents. No consent or approval of any other party is required in connection with the execution, delivery and performance by it of any Loan Document or in order to render each of the other Loan Documents legal, valid, binding or enforceable except those consents or approvals which have been obtained.

(g) No Default or Event of Default. No Default or Event of Default has occurred and is continuing.

(h) No Action for Winding-Up or Bankruptcy. There has been no voluntary or involuntary action taken either by or against it for its liquidation, bankruptcy, receivership, administration or similar or analogous events in respect of such Credit Party or all or any material part of it assets.

(i) Taxes. It has duly and timely filed all federal, provincial or other tax returns which it is required by applicable law to file and all Taxes, assessments and other duties levied by the various governmental authorities with respect to it have been paid when due. There is no material inquiry, action, suit, dispute, objection, appeal, investigation, audit, claim or other proceeding either in progress, pending, or to the best of the knowledge of such Credit Party threatened by any governmental authority regarding any Taxes or tax returns, nor has the such Credit Party requested, offered to enter into, or entered into, any agreement or arrangement, or executed any waiver providing for any extension of time within which it is required to pay, remit or collect any Taxes, file any tax returns or any governmental authority may assess, reassess or collect Taxes for which it is or may be liable.

(j) Litigation. There are no actions, suits or proceedings instituted or pending nor, to the knowledge of such Credit Party, threatened, against it or its property before any court or arbitrator or any governmental body or instituted by any governmental body, commission, department or instrumentality, which, if decided against it, could reasonably be expected to result in a Material Adverse Change and it is not in default with respect to any law, regulation, order, writ, judgment, injunction or award of any competent government, commission, board, agency, court, arbitrator or instrumentality which could reasonably be expected to result in a Material Adverse Change.

(k) No Judgments. It is not subject to any judgment, order, writ, injunction, decree or award, or to any restriction, rule or regulation (other than customary or ordinary course restrictions, rules

and regulations consistent or similar with those imposed on other Persons engaged in similar businesses) which have not been stayed, or of which enforcement has not been suspended, which has a Material Adverse Change on such Credit Party or its property.

(j) Licences, etc. and Compliance with Laws. All licences, franchises, certificates, consents, rights, approvals, authorizations, registrations, orders and permits required to enable it to own, lease and operate its properties other than those the absence of which could not reasonably be expected to result in a Material Adverse Change have been duly obtained and are currently subsisting. It has complied in all material respects with all terms and provisions presently required to be complied with by it in all such material licences, franchises, certificates, consents, rights, approvals, authorizations, registrations, orders and permits and with all applicable laws and they are not in violation of any of the respective provisions thereof and in each case where such non-compliance or violation could reasonably be expected to result in a Material Adverse Change.

(k) Ownership of Properties. It has good and valid title to all of the assets subject to the Security, granted under the Loan Documents to which it is a party.

(1) Security. It has created and perfected a valid first-ranking security (subject to Permitted Liens) for the benefit of the Lender in the assets and property that are subject to the Security, and all filings, recordings or steps necessary in connection with the creation and perfection of the Security have been made.

(m) Permitted Liens. Except for Permitted Liens, there are no Liens upon or with respect to any of the assets or property that are subject to the Security.

(n) Material Adverse Change. No Material Adverse Change has occurred.

(o) Securities Accounts. It has not established nor does it maintain any securities account or have any securities entitlement (as those telms are defined in the *Securities Transfer Act, 2006* (Ontario) ("**STA**") and has not granted to any Person a security interest in any of its collateral which has been perfected by control (as such term is defined in the STA).

(p) Insurance. It maintains in full force and effect insurance in accordance with good commercial practice for all of its property and assets.

(q) Capitalization. The authorized capital of the Borrower is an unlimited number of Class A Common Shares and an unlimited number of Class B Common Shares, of which there are 541,813 Class A Common Shares and 541,813 Class A Common Shares issued and outstanding.

2. **Survival of Representations and Warranties**

The representation and warranties set out in this Schedule B shall survive the execution and delivery of this Agreement and the other Loan Documents notwithstanding any investigations or examinations, which may be made, by the Lender or its counsel. All agreements,

representations, warranties and covenants made by Borrower in the Loan Documents or otherwise with respect thereto or any transactions contemplated thereby which are material, shall be considered to have been relied upon by the Lender and shall survive the execution and delivery of the Loan Documents or any investigation made at any time by or on behalf of the Lender and any disposition or payment of the Loan until repayment in full of all indebtedness of the Borrower to the Lender and termination of the Loan. All statements contained in any certificate or other instrument delivered by or on behalf of a Credit Party pursuant to the Loan Documents or in connection with the transactions contemplated hereby shall be deemed to be representations and warranties made thereby pursuant hereto.

SCHEDULE C
Lender Wiring Instructions

LENDER'S DETAILS
J.D. Craig Holdings Inc.
4280 Rockridge Rd
West Vancouver, BC
V7W 1A5

BANK DETAILS
TD Canada Trust
443 Spadina Rd
Toronto, Ontario
M5P 2W3

ACCOUNT DETAILS
0507-5224695

SWIFT CODE
TDOMCATTTOR

D

Attached is **Exhibit "D"**

referred to in the

Affidavit of DREW CRAIG

sworn before me

this day of November, 2017

_____

Commissioner for taking Affidavits, etc

GENERAL SECURITY AGREEMENT

THIS AGREEMENT is dated as of the 29th day of October, 2015

BETWEEN:

DIGITAL UNDERGROUND MEDIA INC., an Ontario corporation

(the "**Debtor**")

- and -

J.D. Craig Holdings Inc.

(the "**Secured Party**")

CONTEXT:

A. The Secured Party has entered into a loan agreement dated as of the date hereof (the "**Loan Agreement**") with the Debtor under which the Secured Party has made available certain credit facilities to the Debtor.

B. The Debtor has agreed to execute and deliver this Agreement to and in favour of the Secured Party as security for the payment and discharge of the Loan Obligations.

THEREFORE, the Debtor agrees with the Secured Party as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following words and expressions will have the following meanings:

1.1.1 "**Books and Records**" means all books, books of account, records, files, papers, disks, documents, correspondence, plans, ledgers, electronically recorded data and other repositories of data recorded in any form or medium, evidencing or relating to the Collateral, which are at any time owned or held by the Debtor or to which the Debtor (or any Person on the Debtor's behalf) has access.

1.1.2 "**Collateral**" means all present and after-acquired personal property owned, leased, licensed, possessed or acquired by the Debtor, or in which the Debtor has rights, including all present and after-acquired Goods (including Equipment and Inventory), Investment Property, Instruments, Documents of Title, Chattel Paper, Intangibles (including Accounts), Money, crops and fixtures, owned, leased, licensed, possessed or acquired by the Debtor, or in which the Debtor has rights, and all Proceeds of that property, but specifically excludes the Excluded Collateral.

1.1.3 "**Contracts**" means all contracts, licenses and agreements to which the Debtor is at any time a party or pursuant to which the Debtor has at any time acquired rights, as those contracts, licenses and agreements may be amended, restated, supplemented or replaced, and includes all rights of the Debtor:

1.1.3.1 to receive money due and to become due to it in connection with a contract, licence or agreement;

1.1.3.2 to damages arising out of, or for breach or default in respect of, a contract, licence or agreement; and

1.1.3.3 to perform and exercise all remedies in connection with a contract, licence or agreement.

1.1.4 "**Loan Agreement**" is defined in the preamble, and includes that agreement as it may be amended, restated, supplemented or replaced.

1.1.5 "**Loan Obligations**" is defined in the Loan Agreement.

1.1.6 "**Credit Documents**" means this Agreement and the Loan Agreement.

1.1.7 "**Debtor**" is defined in the recital of the Parties, above.

1.1.8 "**Excluded Collateral**" means Consumer Goods, and any Intellectual Property Right, Permit or Contract which would be breached or terminated if a Security Interest was granted in it without the consent of a third party, unless that consent is obtained, but does not include Accounts.

1.1.9 "**Governmental Authority**" means

1.1.9.1 any federal, provincial, state, local, municipal, regional, territorial, aboriginal, or other government, governmental or public department, branch, ministry, or court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of any of them exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory or taxing authority or power of any nature; and

1.1.9.2 any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of them, and any subdivision of any of them.

1.1.10 "**Intellectual Property Rights**" means all industrial and intellectual property rights, including copyrights, patents, trade-marks, industrial designs, know how and trade secrets, and all Contracts related to those industrial and intellectual property rights.

1.1.11 "**Parties**" means the Debtor and the Secured Party, and "**Party**" means any one of them.

1.1.12 "**Permits**" means all authorizations, registrations, permits, licenses, consents, quotas, grants, approvals, franchises, rights-of-way, easements and entitlements that the Debtor has, or is required to have, to own, possess or operate any of its property, or to operate and carry on any part of its business.

1.1.13 "**Person**" will be broadly interpreted and includes:

1.1.13.1 a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person;

1.1.13.2 a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and

1.1.13.3 a Governmental Authority.

1.1.14 "**PPSA**" means the *Personal Property Security Act* of the Province of Ontario, as amended, supplemented or replaced and includes all regulations made under that legislation.

1.1.15 "**Receiver**" means a receiver or receiver-manager of the Collateral.

1.1.16 "**Secured Party**" is defined in the recital of the Parties, above.

1.1.17 "**Security Interests**" is defined in Section 2.2.

1.1.18 "**STA**" means the *Securities Transfer Act (2006)* (Ontario).

1.2 Incorporated Definitions

Capitalized terms not otherwise defined in this Agreement have the definitions set out in the PPSA and the STA, as applicable.

1.3 Governing Law

This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in that Province.

1.4 Entire Agreement

This Agreement, together with the Credit Documents, constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties,

and there are no representations, warranties or other agreements between the Parties, express or implied, in connection with the subject matter of this Agreement except as specifically set out in this Agreement or in the Credit Documents. No Party has been induced to enter into this Agreement in reliance on, and there will be no liability assessed, either in tort or contract, with respect to, any warranty, representation, opinion, advice or assertion of fact, except to the extent it has been reduced to writing and included as a term in this Agreement or in the Credit Documents.

ARTICLE 2
GRANT OF SECURITY INTEREST

2.1 Security Interests

As security for the payment and performance of the Loan Obligations, the Debtor mortgages and charges to the Secured Party, and grants to the Secured Party a security interest in, and the Secured Party takes a security interest in, all of the Debtor's right, title and interest in and to the Collateral.

2.2 Limitations on Grant of Security

The mortgages, charges and security interests granted and created in this Agreement (collectively the "**Security Interests**") do not apply or extend to any lease or other agreement which contains a provision which provides in effect that that lease or agreement may not be assigned, subleased, charged or encumbered without the leave, licence, consent or approval of the lessor or other party until that leave, licence, consent or approval is obtained, and the Security Interests will attach and extend to that lease or agreement as soon as the leave, licence, consent or approval is obtained.

2.3 Intellectual Property

Nothing in Section 2.1 is to be construed as constituting an absolute transfer or assignment of any present or future Intellectual Property Rights, but that Section is to be construed as granting to the Secured Party a Security Interest in and a charge on all of the Debtor's present and after-acquired Intellectual Property Rights.

2.4 Attachment

The Debtor and the Secured Party do not intend to postpone the attachment of the Security Interests, except as provided in Section 2.2, and except as provided in that Section the Security Interests will attach when:

2.4.1 this Agreement has been executed, or in the case of after-acquired property, that property has been acquired by the Debtor;

2.4.2 value has been given; and

2.4.3 the Debtor has rights in the Collateral, or in the case of after-acquired property, acquires rights in the Collateral.

ARTICLE 3
COVENANTS

3.1 Covenants

The Debtor covenants with the Secured Party that:

3.1.1 except for the Security Interests and the security interests created by the other Credit Documents, the Debtor is (and as to Collateral to be acquired after the date of this Agreement, will be) the owner of the Collateral free and clear of all liens, charges, claims, encumbrances, taxes or assessments;

3.1.2 the Debtor will not sell, offer to sell, transfer, pledge or mortgage the Collateral, nor will the Debtor permit the creation of any other security interest in the Collateral in favour of any Person other than the Secured Party, without the prior written consent of the Secured Party;

3.1.3 all proceeds of the sale or other disposition of Collateral will be received as trustee for the Secured Party and will be promptly paid over to the Secured Party;

3.1.4 the Debtor will keep the Collateral insured to its full insurable value with financially sound and reputable companies against loss or damage by fire, explosion, theft and other risks as are customarily insured against by Persons carrying on similar businesses, or owning similar property. The relevant insurance policies will:

3.1.4.1 be in form and substance satisfactory to the Secured Party;

3.1.4.2 provide that no cancellation, material reduction in amount, or material change in coverage will be effective until at least 30 days after receipt of written notice by the Secured Party;

3.1.4.3 contain by way of endorsement a standard mortgagee clause in a form approved by the Insurance Bureau of Canada and satisfactory to the Secured Party; and

3.1.4.4 name the Secured Party as mortgagee, first loss payee, and additional insured as its interest may appear.

The Debtor will, at the Secured Party's request, deliver those insurance policies (or satisfactory evidence of those policies) to the Secured Party.

3.1.5 the Debtor will provide, upon request from the Secured Party, written information relating to any part of the Collateral, and the Secured Party will be entitled to inspect the tangible Collateral, including the Books and Records, wherever located. For this

purpose the Secured Party will have access to all places where any part of the Collateral is located, and to all premises occupied by the Debtor; and

3.1.6 the Collateral, to the extent that it consists of tangible property, is and will be kept at the locations listed in Schedule 1, and none of the Collateral will be removed from those locations without the prior written consent of the Secured Party.

ARTICLE 4
RIGHTS UPON DEFAULT

4.1 Acceleration

If an Event of Default occurs or any creditor of the Debtor or any other Person privately appoints, a receiver, receiver-manager, trustee, custodian, liquidator or similar official for the Debtor or any part of the Debtor's property, including the Collateral or any part of it, all of the Loan Obligations will immediately become due and payable without any demand or any notice of any kind to the Debtor. If any other Event of Default occurs the Secured Party, in its sole and absolute discretion, may declare all or any part of the Loan Obligations (whether or not by their terms payable on demand) immediately due and payable, without any further demand or notice of any kind.

4.2 Demand Loan Obligations

The Debtor agrees that the provisions of Section 4.1 and any other right to demand payment, and to accelerate payment, of the Loan Obligations upon the occurrence of an Event of Default will not affect the demand nature of any indebtedness or obligations payable on demand and the Secured Party may demand payment of that indebtedness and those obligations at any time without restriction, whether or not the Debtor has complied with the provisions of this Agreement or any other instrument between the Debtor and the Secured Party.

4.3 Security Interests Enforceable

The occurrence of an Event of Default will cause the Security Interests to become enforceable without the need for any action or notice by the Secured Party.

4.4 Remedies

If the Security Interests become enforceable, the Secured Party will have, in addition to any other rights and remedies provided by law or in equity, the rights and remedies of a secured party under the PPSA, and those rights and remedies provided by this Agreement. In addition, the Secured Party may exercise any one or more of the following remedies:

4.4.1 the Secured Party may, either directly or indirectly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver pursuant to Section 4.4.3 of this Agreement, inclusive, and further may take possession of,

collect, realize on, or enforce against the Collateral, and may sell, lease or otherwise dispose of the Collateral either as a whole or in separate parcels, at public auction, by public tender or by private sale, either for cash or on credit, and on such terms and conditions as the Secured Party may determine;

4.4.2 the Secured Party may take proceedings in any court of competent jurisdiction for the appointment of a Receiver, may sell or foreclose on the Collateral, and may take any other action, suit, remedy or proceeding authorized or permitted under this Agreement or by law or in equity in order to enforce the Security Interests;

4.4.3 the Secured Party may by instrument in writing appoint a Receiver on any terms as to remuneration and otherwise as the Secured Party thinks fit, and may remove and appoint a replacement for any Receiver, and any Receiver so appointed will have the power:

4.4.3.1 to take possession of, collect, demand, sue on, recover, receive, realize on or enforce against the Collateral, and for that purpose to give valid and binding receipts and discharges for and in respect of it, and take any proceedings in the name of the Debtor or otherwise as may seem expedient;

4.4.3.2 to carry on or manage all or any part of the business of the Debtor;

4.4.3.3 to borrow money on the security of the Collateral in priority to this Agreement or otherwise for the purpose of the maintenance, preservation or protection of the Collateral, for carrying on or managing all or any part of the business of the Debtor or for exercising any other power under this Agreement;

4.4.3.4 to sell, lease, accept surrenders of leases of or otherwise dispose of the Collateral in whole or in part, at public auction, by public tender or by private sale, either for cash or upon credit, at the time and upon any terms and conditions as the Receiver may determine; and

4.4.3.5 to make any arrangement or compromise which the Receiver thinks expedient.

4.5 Proceeds of Disposition

The Proceeds of the sale, lease or other disposition of the whole or any part of the Collateral will be applied to pay the amounts owed to the Secured Party under Section 5.5 and the Loan Obligations, and, if any surplus remains in the hands of the Receiver or the Secured Party, that surplus will be distributed as required by the PPSA.

4.6 Deficiency

If the Proceeds of the realization of the Collateral are insufficient to fully pay the Loan Obligations to the Secured Party, the Debtor will be liable to pay, and will immediately pay or cause to be paid, the deficiency to the Secured Party.

4.7 Appointment of Attorney

The Debtor appoints the Secured Party, and any officer or agent of the Secured Party, with full power of substitution, effective upon the occurrence of an Event of Default, to be the attorney of the Debtor with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, to take all appropriate action and to execute all documents and instruments as, in the opinion of the attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement, and generally to use the name of the Debtor and to do all things as may be necessary or incidental to the exercise of all or any of the powers conferred on the Secured Party under this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests are released. Nothing in this Section affects the right of the Secured Party or any other Person, to sign and file or deliver (as applicable) all financing statements, financing change statements, notices, verification agreements and other documents relating to the Collateral and this Agreement as the Secured Party or the other Person considers appropriate.

ARTICLE 5
GENERAL

5.1 No Automatic Discharge

This Agreement will not be or be considered to have been discharged by reason only of the Debtor ceasing to be indebted or under any liability, direct or indirect, absolute or contingent, to the Secured Party.

5.2 No Obligation to Advance

None of the preparation, execution or registration of notice of this Agreement will bind the Secured Party to advance the monies secured by this Agreement, nor will the advance of a part of the monies secured by this Agreement bind the Secured Party to advance any unadvanced portion of it.

5.3 Security Additional

The Security Interests are in addition to and not in substitution for any other security now or in the future held by the Secured Party.

5.4 Realization

The Debtor acknowledges and agrees that the Secured Party may realize upon various securities securing the Loan Obligations or any part of them in any order that it sees fit, and realization by any means upon any security or part of it will not bar realization upon any other security or the Security Interests or any part of them.

5.5 Payment of Costs

The Debtor agrees to pay on demand all costs and expenses incurred (including legal costs and disbursements on a 100 percent, complete indemnity basis) and fees charged by Secured Party in connection with obtaining or discharging this Agreement, establishing or confirming the priority of the charges created by this Agreement or by law, or complying with any demand by any Person under the PPSA to amend or discharge any registration relating to this Agreement, and by the Secured Party or any Receiver in exercising any remedy under this Agreement (including preserving, repairing, processing, preparing for disposition and disposing of the Collateral by sale, lease or otherwise) and in carrying on the Debtor's business. All of those amounts will bear interest from time to time at the highest interest rate then applicable to any of the Loan Obligations, and the Debtor will reimburse Secured Party upon demand for any amount so paid.

5.6 Extensions

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

5.7 Notices

Any notice, demand, request, consent, approval or other communication which is required or permitted under this Agreement will be made or given by the Parties on the terms set out in the Loan Agreement.

5.8 Severability

Each provision of this Agreement is distinct and severable. If any provision of this Agreement, in whole or in part, is or becomes illegal, invalid or unenforceable in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect the legality, validity or enforceability of the remaining provisions of this Agreement, or the legality, validity or enforceability of that provision in any other jurisdiction.

5.9 Submission to Jurisdiction

Each of the Parties irrevocably submits and attorns to the exclusive jurisdiction of the courts of the Province of Ontario to determine all issues, whether at law or in equity, arising from this Agreement. To the extent permitted by applicable law, each of the Parties irrevocably waives any objection (including any claim of inconvenient forum) to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of that Province, or that the subject matter of this Agreement may not be enforced in those courts, and irrevocably agrees not to seek, and waives any right to, judicial review by any court which may be called upon to enforce the judgment of the courts referred to in this Section 5.9, of the substantive merits of any such suit, action or proceeding. To the extent a Party has or hereafter may acquire any immunity from the jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, that Party irrevocably waives that immunity in respect of its obligations under this Agreement.

5.10 Amendment and Waiver

No supplement, modification, amendment, waiver, discharge or termination of this Agreement is binding unless it is executed in writing by the Party to be bound. No waiver of, failure to exercise or delay in exercising, any provision of this Agreement constitutes a waiver of any other provision (whether or not similar) nor does any waiver constitute a continuing waiver unless otherwise expressly provided.

5.11 Further Assurances

Each Party will, execute and deliver any further agreements and documents and provide any further assurances as may be reasonably required by the other Party to give effect to this Agreement and, without limiting the generality of the foregoing, will do or cause to be done all acts and things, execute and deliver or cause to be executed and delivered all agreements and documents and provide any assurances, undertakings and information as may be required from time to time by all Governmental Authorities having jurisdiction over the affairs of a Party or as may be required from time to time under applicable securities legislation.

5.12 Assignment

5.12.1 The Secured Party may, without notice to or consent of the Debtor, at any time assign, transfer or grant a security interest in its rights and obligations under this Agreement and the Security Interests. The Debtor expressly agrees that the assignee, transferee or secured party, as the case may be, will have all of the Secured Party's rights and remedies under this Agreement and the Debtor will not assert any defence, cross-claim, counterclaim, right of set off or any other claim which the Debtor now has or in the future acquires against the Secured Party in any action commenced by any assignee, transferee or secured party, as the case may be, and will pay the Loan Obligations to the assignee, transferee or secured party, as the case may be, as the Loan Obligations become due.

5.12.2 Neither this Agreement nor any rights or obligations under this Agreement may be assigned by the Debtor without the prior consent of the Secured Party.

5.13 Enurement

This Agreement enures to the benefit of and is binding upon the Parties and their respective heirs, executors, administrators, successors and permitted assigns.

5.14 Counterparts and Electronic Delivery

This Agreement may be executed and delivered by the Parties in one or more counterparts, each of which will be an original, and each of which may be delivered by facsimile or functionally equivalent electronic means, and those counterparts will together constitute one and the same instrument.

5.15 No *Contra Proferentem*

This Agreement has been reviewed by each Party's professional advisors, and revised during the course of negotiations between the Parties. Each Party acknowledges that this Agreement is the product of their joint efforts, that it expresses their agreement, and that, if there is any ambiguity in any of its provisions, that provision should not be interpreted in favour of either one of them.

5.16 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of any other Credit Document, the Lender shall determine in its sole and absolute discretion which provisions shall prevail and be paramount.

5.17 Acknowledgment and Waiver

The Debtor:

5.17.1 acknowledges receiving a copy of this Agreement; and

5.17.2 to the extent permitted by law, waives all rights to receive from the Secured Party a copy of any financing statement, financing change statement or verification statement filed or issued, as the case may be, at any time in respect of this Agreement or any amendments to this Agreement.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Each of the Parties has executed and delivered this Agreement, as of the date noted at the beginning of the Agreement.

DIGITAL UNDERGROUND MEDIA INC.

Per: _____
Ken Bicknell, President

J.D. CRAIG HOLDINGS INC.

Per: _____
Drew Craig, President

Each of the Parties has executed and delivered this Agreement, as of the date noted at the beginning of the Agreement.

DIGITAL UNDERGROUND MEDIA INC.

Per: _____
Ken Bicknell, President

J.D. CRAIG HOLDINGS INC.

Per: _____
Drew Craig, President

SCHEDULE 1
LOCATIONS OF COLLATERAL

219 – 255 West 1st Street

North Vancouver, BC

V7M 3G8

E

Attached is **Exhibit "E"**

referred to in the

Affidavit of DREW CRAIG

sworn before me

this day of November, 2017

_____

Commissioner for taking Affidavits, etc

---------- Forwarded message ----------
From: **Gavin Owston** <gavin@forwarddimension.com>
Date: Fri, Dec 16, 2016 at 9:52 AM
Subject: Re: Amendment documents
To: Ken Bicknell <ken@adtrackmedia.com>, Drew Craig <drew@adtrackmedia.com>, Mike Laitinen <mike@adtrackmedia.com>, David Rigby <david@forwarddimension.com>

Thanks for these documents Ken - they are all ok except I have a couple of questions on the options side:

1. Is there a resolution to approve to granting of 1% to Andrew? David and I support the suggestion in your email that he receives 1% but I can't see any formal language/resolution relating to it?
2. I am a bit confused as to what the 2016 Stock option Plan is? Is this a proposal for a new plan, or a possible replacement of the 2015 plan? It is referred to in the Extraordinary Resolutions para III, and in its own document (both attached).

Thanks,

Gavin

On 12 Dec 2016, at 15:15, Ken Bicknell <ken@adtrackmedia.com> wrote:

Hi Gavid and David,
Attached are the amendment documents revised as Mike mentioned to Canadian law, and including a couple of proposed edits, and a draft version of a revised option agreement. These documents are black-lined to the versions you sent over.
On a separate but related topic, we would like to issue Andrew options equal to 1%, which is slightly more than half of what we have available.

Ken

Ken Bicknell | President & CEO | **Adtrackmedia**

320-321 Water Street, Vancouver, BC, Canada, V6B1B8
M +1(204)771-3050 | D +1(604)620-4650 | ken@adtrackmedia.com

www.adtrackmedia.com

<Digital Underground - 2016 Stock Option Plan-TOR_LAW-9069345-v1 (1).DOC><DUM - Board Resolution re Articles, ESOP, SIA and USA-TOR_LAW-9043788-v2.DOCX><DUM - First Amendment to SIA-TOR_LAW-9043782-v3.DOC><DUM - First Amendment to SIA-TOR_LAW-9043782-v2.DOC><DUM - First Amendment to USA-TOR_LAW-9043783-vdoc.DOC><DUM - First Amendment to USA-TOR_LAW-9043783-v2.DOC><Form 3 - Draft Articles of Amendment.pdf><Digital Underground Media Inc. - Shareholders resolution approving amendment to articles-TOR_LAW-9037597-v1.DOC>

EXTRAORDINARY RESOLUTIONS OF THE BOARD OF DIRECTORS OF DIGITAL UNDERGROUND MEDIA INC.
(the "Corporation")

I. ARTICLES OF AMENDMENT

WHEREAS the Corporation wishes to amend the articles of the Corporation (the "**Articles of Amendment**"), in the form of the articles of amendment presented to the directors.

BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION OF THE BOARD THAT:

1. The Articles of Amendment are hereby authorized and approved.

2. Upon approval by the shareholders of the Corporation (as required pursuant to the Corporations unanimous shareholders' agreement), any director or officer of the Corporation is authorized and directed, for and on behalf of the Corporation, to execute and to deliver all instruments and writings and to perform and to do all acts or things, including the execution and filing of Articles of Amendment, as they consider necessary or advisable to give effect to this resolution.

II. AMENDMENTS TO THE TERMS OF THE JULY 27, 2015 EMPLOYEE STOCK OPTION PLAN

WHEREAS The Directors recall that 203,658 options relating to Class B Common shares were granted pursuant to the terms of the Corporation's Stock Option Plan adopted by the Board on July 27, 2015 (the "**2015 Stock Option Plan**") to various members of the Corporation's senior management team (the "**Executives**") on July 27, 2015. All Capitalized terms unless otherwise defined in this Section II of these resolutions shall have the meaning given to such term in the 2015 Stock Option Plan;

AND WHEREAS It has been agreed between the Directors and the Executives to amend the following terms of the 2015 Stock Option Plan:

(a) The Option Exercise Price of the fourth quarter and therefore final tranche of Options granted is to be amended from $51.99 to $34.66 per option. This reflects a change in the target valuation of the Corporation for this tranche of options from $60 million (as derived by applying a 10x multiple to the previous vesting hurdle of a run rate EBITDA of $6 million) to $40 million (as derived by the book value of the Corporation as represented by Forward Dimension Capital 1 LLP ("**Forward**") investing $20 million to obtain a 50% ownership interest in the Corporation).

(b) The vesting of Options as per clause 4.5.1 of the Plan is amended pursuant to Section 4.5.2 of the Plan to read as follows, and shall be deemed to be the operative vesting schedule in the Option Agreement issued to each Executive:

"4.5.1 ....an Option will vest and become exercisable as to one-quarter (25%) of the Class B Common Shares issuable under the Option upon occurrence of each of the following:

4.5.1.1 the Grant Date (the parties understand this has already taken place on 27/07/15);

4.5.1.2 the time when Forward commits a total of $10 million of equity funding to the Corporation (the parties understand this funding has already been committed on 16/09/16);

4.5.1.3 the time when Forward commits a total of $15 million of equity funding to the Corporation;

4.5.1.4 the time when Forward commits a total of $20 million of equity funding to the Corporation."

(c) All of the other terms and conditions of the Corporation's Stock Option Plan and the Option Agreement shall remain in full force and effect,

(Collectively, the "**SOP Amendments**");

BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION OF THE BOARD THAT:

3. any director or officer of the Corporation is authorized and directed, for and on behalf of the Corporation, to amend the 2015 Stock Option Plan to reflect the foregoing SOP Amendments and such amended option plan shall become the Corporation's Amended and Restated 2015 Stock Option Plan, and to take all steps and execute all documents as may be necessary or desirable for the purpose of giving effect to these resolutions including issuing revised Option Agreements to the Executives, as necessary or desirable.

III. 2016 STOCK OPTION PLAN

WHEREAS it is desirous for the Corporation to adopt another stock option plan (the "**2016 Stock Option Plan**") in the form previously provided to the directors of the Corporation which 2016 Stock Option Plan is for the benefit of employees, officers, directors and consultants of the Corporation and intended to assist the Corporation in attracting, retaining and motivating directors, officers, employees and consultants by providing them with the opportunity, through the exercise of share options, to acquire a proprietary interest in the Corporation;

AND WHEREAS the Corporation is not limited in adopting more than one incentive compensation arrangement pursuant to Section 2.4 of the 2015 Stock Option Plan.

BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION OF THE BOARD THAT:

4. the 2016 Stock Option Plan, in the form presented to the directors of the Corporation be, and it hereby is, approved;

5. that number of Class B Common shares as is equal to 10% of the aggregate number of Class A Common shares and Class B Common shares of the Corporation issued and outstanding from time to time be, and they hereby are, reserved and set aside for issuance pursuant to options granted from time to time pursuant to the 2016 Stock Option Plan and the 2015 Stock Option Plan, as amended and restated; and

6. upon the exercise of options at any time and from time to time in accordance with the terms and conditions of the Plan, the Class B Common shares in respect of which such options are exercised shall be issued to the holder of such options as fully paid and non-assessable Class B Common shares of the Corporation.

IV. APPROVAL OF AMENDED AND RESTATED SUBSCRIPTION & INVESTMENT AGREEMENT

WHEREAS the Corporation entered into that certain Subscription & Investment Agreement dated July 27, 2015 (the "**SIA**") and on the same date an Unanimous Shareholders' Agreement (the "**USA**");

AND WHEREAS the Corporation has deemed it appropriate to amend the terms of the SIA and the USA to reflect the current state of the Corporation and its revised business plan;

AND WHEREAS the Corporation seeks to execute and deliver the First Amendment to Subscription & Investment Agreement (the "**First Amendment to SIA**") and the First Amendment to Unanimous Shareholders' Agreement (the "**First Amendment to USA**"), each dated the date hereof;

AND WHEREAS the Board by Extraordinary Resolution is entitled to amend the SIA and USA and to execute and deliver the First Amendment to SIA and the First Amendment to USA, respectively, in substantially the form reviewed by the Directors;

BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION OF THE BOARD THAT:

7. The Corporation be and it is hereby authorized and directed to execute, deliver and perform its obligations under the First Amendment to SIA and the First Amendment to USA (collectively, the "**Documents**").

8. In addition to the foregoing authorizations, any officer or director of the Corporation be and is hereby authorized to execute (under the corporate seal or otherwise) and deliver the Documents, substantially in the form of the draft Documents submitted to the directors, with such amendments, alterations, additions and deletions as may be approved by such person whose signature shall be conclusive evidence of such authorization and all such deeds, documents and other writings and to do all such other acts and things as he or she considers necessary or desirable to give effect to the foregoing, such execution to be conclusive evidence of his or her approval.

V. GENERAL

BE IT RESOLVED THAT:

9. any director or officer is hereby authorized and empowered, acting for, in the name of and on behalf of the Corporation, to execute, under the seal of the Corporation or otherwise, to deliver on behalf of the Corporation, and to do or to cause to be done all such other documents, agreements, notices, filings, acts and things as they shall consider necessary or desirable in order to carry out the intent of these resolutions.

These resolutions may be executed and delivered in counterparts, each of which will be an original, and each of which may be delivered by facsimile, e-mail or other functionally equivalent electronic means of transmission, and those counterparts will together constitute one and the same instrument.

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These resolutions are consented to by all directors of the Corporation, pursuant to section 129 of the *Business Corporations Act* (Ontario), as evidenced by the signatories below.

DATED the _____ day of December, 2016.

Ken Bicknell	Drew Craig
Gavin Owston	David Rigby

DIGITAL UNDERGROUND MEDIA INC.

2016 STOCK OPTION PLAN

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

For the purposes of this Plan, the following terms have the following meanings:

1.1.1 "**Applicable Laws**" means, at any time, with respect to any Person, property, transaction or event, all applicable laws, statutes, regulations, treaties, judgments and decrees and (whether or not having the force of law) all applicable official directives, rules, consents, approvals, by-laws, permits, authorizations and orders of any Governmental Authorities having authority over that Person, property, transaction or event.

1.1.2 "**Board**" means the board of directors of the Corporation.

1.1.3 "**Business Day**" means any day excluding a Saturday, Sunday or statutory holiday in the Province of Ontario, and also excluding any day on which the principal chartered banks located in the City of Toronto are not open for business during normal banking hours.

1.1.4 "**Cashless Exercise**" is defined in Section 4.7.1.

1.1.5 "**Class A Common Shares**" means class A common shares in the capital of the Corporation.

1.1.6 "**Class B Common Shares**" means class B common shares in the capital of the Corporation.

1.1.7 "**Consultant**" means a Person, other than an Employee or a Director, that:

1.1.7.1 is engaged to provide consulting, technical, management or other services to the Corporation or to a Subsidiary, other than services provided in relation to a distribution of securities;

1.1.7.2 provides the services under a written contract with the Corporation or a Subsidiary; and

1.1.7.3 spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or a Subsidiary.

1.1.8 "**Corporation**" means Digital Underground Media Inc.

1.1.9 "**Current Market Value**" is defined in Section 4.7.1.

1.1.10 "**Determination Date**" is defined in Section 4.7.

1.1.11 "**Director**" means a director of the Corporation or any Subsidiary.

1.1.12 "**Disability**" means a physical or mental incapacity or disability that prevents the Eligible Person from performing the essential duties of the Eligible Person's employment or service with the Corporation or any Subsidiary, and which cannot be accommodated under applicable human rights laws without imposing undue hardship

on the Corporation or the Subsidiary employing or engaging the Eligible Person, as determined by the Board for the purposes of this Plan.

1.1.13 "**Early Expiry Date**" is defined in Section 4.10.1.2.

1.1.14 "**Eligible Person**" means any Employee, Director or Consultant.

1.1.15 "**Employee**" means an employee of the Corporation or any Subsidiary.

1.1.16 "**Governmental Authority**" means:

1.1.16.1 any federal, provincial, state, local, municipal, regional, territorial, aboriginal or other government, any governmental or public department, branch or ministry, or any court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of any of them exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory, or taxing authority or power of any nature; and

1.1.16.2 any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of them, and any subdivision of any of them.

1.1.17 "**Grant Date**" means, for any Option, the date on which that Option is granted.

1.1.18 "**Liquidity Event Transaction**" means:

1.1.18.1 a "Liquidity Event" (as such term defined in the Corporation's articles); or

1.1.18.2 any other transaction or series of transactions which, the Board, by "Extraordinary Resolution" (as such term is defined in the Shareholders' Agreement), constitutes a liquidity event of the Corporation.

1.1.19 "**Net Number**" has the meaning given to it in Section 4.7.1.

1.1.20 "**Option**" means an option to purchase Class B Common Shares granted to an Eligible Person under the terms of this Plan.

1.1.21 "**Option Agreement**" means an option agreement substantially in the form attached as Exhibit "A" to this Plan.

1.1.22 "**Option Exercise Price**" is defined in Section 4.3.

1.1.23 "**Option Expiry Date**" is defined in Section 4.4.

1.1.24 "**Participant**" means an Eligible Person to whom an Option has been granted.

1.1.25 "**Person**" will be broadly interpreted and includes:

1.1.25.1 a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person;

1.1.25.2 a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated

association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and

1.1.25.1 a Governmental Authority.

1.1.26 **"Plan"** means this 2016 stock option plan of the Corporation.

1.1.27 **"Predecessor Plan"** means the stock option plan of the Corporation adopted by the Board on July 27, 2015;

1.1.28 **"Retirement"** means retirement from active employment or service with the Corporation or a Subsidiary:

1.1.28.1 at or after age 65; or

1.1.28.2 with the consent of any officer of the Corporation as may be designated for the purposes of this Plan by the Board, at or after any earlier age and on the completion of any number of years of service as the Board may specify.

1.1.29 **"Shareholders' Agreement"** means the agreement entered into by all of the shareholders of the Corporation dated July 27, 2015, as amended or superseded.

1.1.30 **"Subsidiary"** means a body corporate that is controlled by the Corporation and, for the purposes of this definition, a body corporate will be deemed to be controlled by the Corporation if the Corporation, directly or indirectly, has the power to direct the management and policies of the body corporate by virtue of ownership of, or direction over, voting securities in the body corporate.

1.1.31 **"Termination Date"** means the date on which a Participant ceases to be an Eligible Person and, in the case of an Employee, means the date on which the Employee ceases to actively perform services for the Corporation or any Subsidiary (excluding any notice period which may extend beyond the date on which active services cease).

1.2 Certain Rules of Interpretation

1.2.1 In this Plan, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the words **"including"** or **"includes"** in this Plan is to be construed as meaning "including, without limitation" or "includes, without limitation", respectively.

1.2.2 The division of this Plan into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Plan.

1.2.3 References in this Plan to an Article, Section or Exhibit are to be construed as references to an Article, Section or Exhibit of or to this Plan unless otherwise specified.

1.2.4 Unless otherwise specified in this Plan, time periods within which or following which any calculation or payment is to be made, or action is to be taken, will be calculated by excluding the day on which the period begins and including the day on which the period ends. If the last day of a time period is not a Business Day, the time period will end on the next Business Day. Unless otherwise determined by the Board, if an

Option would, under the terms of this Plan or the Option Agreement, otherwise expire or terminate on a day which is not a Business Day, the Option will expire or terminate on the next Business Day.

1.2.5 Unless otherwise specified, any reference in this Plan to any statute, rule or policy includes all regulations and subordinate legislation made under or in connection with that statute at any time, and is to be construed as a reference to that statute, rule or policy as amended, modified, restated, supplemented, extended, re-enacted, replaced or superseded at any time.

1.3 Governing Law

This Plan and each Option Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in that Province.

ARTICLE 2
ESTABLISHMENT OF PLAN

2.1 Purpose

2.1.1 The Corporation establishes this Plan to govern the grant, administration and exercise of Options which may be granted to Eligible Persons.

2.1.2 The principal purposes of this Plan are to provide the Corporation with the advantages of the incentive inherent in equity ownership on the part of Eligible Persons who are responsible for the continued success of the Corporation; to create in those Eligible Persons a proprietary interest in, and a greater concern for, the welfare and success of the Corporation; to encourage Eligible Persons to remain with the Corporation and any Subsidiaries; and to attract new Employees, Directors and Consultants.

2.1.3 This Plan is expected to benefit shareholders by enabling the Corporation to attract and retain personnel of the highest calibre by offering them an opportunity to share in any increase in value of the Class B Common Shares resulting from their efforts.

2.2 Shares Reserved

2.2.1 The number of Class B Common Shares that may be reserved for issuance under this Plan and the Predecessor Plan, collectively, will not exceed, 15% of the aggregate sum of issued and outstanding Class A Common Shares and Class B Common Shares.

2.2.2 The Corporation will at all times during the term of this Plan reserve and keep available the number of Class B Common Shares necessary to satisfy the requirements of this Plan.

2.3 Expired or Terminated Options

If and to the extent any Option granted under this Plan expires or is terminated without having been exercised in whole or in part, the number of Class B Common Shares then subject to that Option will be considered to be part of the pool of Class B Common Shares available for Options under this Plan.

2.4 Non-Exclusivity

Nothing contained in this Plan will prevent the Board from adopting other or additional incentive compensation arrangements.

2.5 Effective Date

This Plan will be effective as of the date on which it is approved by the Board.

ARTICLE 3
ADMINISTRATION OF PLAN

3.1 Administration of the Plan

3.1.1 Subject to the provisions of this Plan and Applicable Laws, the Board will have full power and authority to:

3.1.1.1 administer this Plan in accordance with its express terms;

3.1.1.2 determine all questions arising in connection with the administration, interpretation, and application of this Plan;

3.1.1.3 prescribe, amend, and rescind rules and regulations relating to the administration of this Plan; and

3.1.1.4 make all other determinations necessary or advisable for the administration of this Plan.

All determinations made in good faith on the matters referred to in this Section 3.1.1 will be final, conclusive, and binding on the Corporation and the relevant Participant.

3.2 Record Keeping

The Corporation will maintain a register in which will be recorded:

3.2.1 with respect to each Option granted to a Participant:

3.2.1.1 the name and address of the Participant;

3.2.1.2 the Grant Date;

3.2.1.3 the number of Class B Common Shares issuable under the Option as of the Grant Date;

3.2.1.4 the Option Exercise Price;

3.2.1.5 any vesting conditions;

3.2.1.6 the number of Class B Common Shares issued under the Option (and the dates of issuance); and

3.2.1.7 the Option Expiry Date; and

3.2.2 the aggregate number of Class B Common Shares subject to Options.

3.3 Adjustments to Options

3.3.1 If any material change in the outstanding Class B Common Shares occurs by reason of any stock dividend, split, recapitalization, amalgamation, merger, consolidation, combination or exchange of shares or other similar corporate change, the Board may

make any proportionate adjustments to this Plan and any outstanding Options that the Board deems equitable and appropriate to reflect that change. Any adjustment under this Section 3.3.1 will be made in the sole discretion of the Board, and will be conclusive and binding for all purposes of this Plan.

3.3.2 No fractional Class B Common Shares will be issued on the exercise of an Option. If, as a result of any adjustment as provided in this Section 3.3, a Participant would be entitled to a fractional Class B Common Share, the Participant will have the right to purchase only the number of full Class B Common Shares that is calculated under that adjustment, and a cash payment will be made with respect to that fractional Class B Common Share.

3.4 Termination of the Plan

The Board may terminate this Plan at any time in its absolute discretion. If this Plan is terminated, no further Options will be granted but the Options then outstanding will continue in full force and effect in accordance with the provisions of this Plan, until the time they are exercised or terminated or expire under the terms of this Plan and the applicable Option Agreements.

3.5 General

The existence of any Option will not affect, in any way, the right or power of the Corporation to:

3.5.1 make or authorize any recapitalization, reorganization or other change in the Corporation's capital structure or business;

3.5.2 participate in any amalgamation, combination, merger or consolidation;

3.5.3 create or issue any securities or change the rights and conditions attaching to any of its securities;

3.5.4 effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business; or

3.5.5 effect any other corporate act or proceeding, whether of similar character or otherwise.

3.6 Compliance with Applicable Laws

3.6.1 This Plan, the grant and exercise of Options, the Corporation's obligation to issue Class B Common Shares on the exercise of Options, and all other actions taken under this Plan will be subject to Applicable Laws, and to any approvals by any Governmental Authority which, in the opinion of counsel to the Corporation, are necessary or advisable.

3.6.2 No Option will be granted and no Class B Common Shares issued under this Plan if that grant or issue would require registration of this Plan or of Class B Common Shares under the securities laws of any foreign jurisdiction. Any purported grant of any Option or issue of Class B Common Shares under this Plan in violation of this Section 3.6.2 will be void.

3.6.3 Class B Common Shares issued to Participants pursuant to the exercise of Options may be subject to limitations on sale or resale under Applicable Laws.

ARTICLE 4
TERMS OF OPTIONS

4.1 Grants

4.1.1 Subject to the provisions of this Plan, the Board will have the authority to grant Options to Eligible Persons, and to determine the terms and conditions applicable to the exercise of those Options, including, for each Option:

4.1.1.1 the number of Class B Common Shares issuable under the Option;

4.1.1.2 the Option Exercise Price;

4.1.1.3 the Option Expiry Date;

4.1.1.4 the vesting conditions, if any;

4.1.1.5 the nature and duration of the restrictions, if any, to be imposed on the sale or other disposition of Class B Common Shares acquired on the exercise of the Option; and

4.1.1.6 the events, if any, that could give rise to a termination of the Participant's rights under the Option, and the period in which such a termination can occur.

4.1.2 Each Option must be confirmed by an Option Agreement executed by the Corporation and by the Participant to whom that Option is granted. Subject to specific variations approved by the Board in respect of any Option, those variations not to be inconsistent with the provisions of this Plan, all terms and conditions set out in this Plan will be incorporated by reference into and form part of each Option Agreement.

4.2 Multiple Grants

An Eligible Person may be granted Options on more than one occasion under this Plan and be granted separate Options on any one occasion.

4.3 Option Exercise Price

The Board will set the option exercise price (the "**Option Exercise Price**") in respect of each Class B Common Share issuable under an Option granted to a Participant. The Option Exercise Price will not be less than the fair market value of a Class B Common Share on the Grant Date, as determined by the Board, taking into account any considerations which it determines to be appropriate at the relevant time.

4.4 Option Expiry Date

The Board will, on the Grant Date, set the option expiry date (the "**Option Expiry Date**") of each Option granted to a Participant. The Option Expiry Date set under this Section 4.4 will be no later than five years after the Grant Date, and will be subject to earlier expiry in accordance with Section 4.10 and Section 4.11.

4.5 Vesting of Options

4.5.1 Unless otherwise determined by the Board under Section 4.5.2 or 4.11 or otherwise specified in the relevant Option Agreement, an Option will vest and become

exercisable as to one-third (33.33%) of the Class B Common Shares issuable under the Option upon the occurrence of each of the following:

4.5.1.1 on the first anniversary of the Grant Date;

4.5.1.2 on the second anniversary of the Grant Date; and

4.5.1.3 on the third anniversary of the Grant Date.

4.5.2 The Board may, at any time, accelerate the date on which any Option will vest and become exercisable.

4.6 Exercise of Options

4.6.1 An Option will be exercisable (other than on a Cashless Exercise basis) until 5:00 p.m. (Toronto time) on the Option Expiry Date, but only to the extent that it has vested and has not expired or been terminated.

4.6.2 Subject to the provisions of this Plan and the related Option Agreement, an Option may be exercised, in whole or in part, at any time, by delivery to the Corporation of a written notice of exercise, substantially in the form of Schedule "A" to Exhibit "A" to this Plan, specifying the number of Class B Common Shares with respect to which the Option is being exercised and accompanied by payment in full of the Option Exercise Price of the Class B Common Shares to be purchased. Payment of the Option Exercise Price must be made by cash, bank draft or certified cheque.

4.6.3 The Corporation's obligation to issue Class B Common Shares to a Participant pursuant to the exercise of an Option will be subject to delivery of a counterpart execution page or addendum agreement or agreement to be bound to the Shareholders' Agreement executed by the Participant.

4.6.4 All certificates representing Class B Common Shares delivered pursuant to the exercise of Options under this Plan shall be subject to such stock transfer orders and other restrictions as the Board may deem advisable under any Applicable Laws or any provision in the Corporation's articles, by-laws or other constating documents, or as applicable the terms of the Shareholders' Agreement, and shall bear the following legend:

> "The shares represented by this certificate are subject to restrictions on transfer and all the other terms and conditions of a unanimous shareholders' agreement made between the Corporation and each and all of the holders of shares, as such agreement may from time to time be amended in accordance with its provisions. A copy of the agreement is on file at the registered office of the Corporation and is available to the holder hereof for inspection on request, without charge. Any transfer made in contravention of such restrictions shall be null and void."

4.6.5 In addition to exercises contemplated in Section 4.6.1, Options that have vested, have not expired, and have not been terminated, may be exercised on a Cashless Exercise basis, in accordance with the terms of Section 4.7:

4.6.5.1 upon a Liquidity Event Transaction; or

4.6.5.2 in connection with, and conditional upon a Liquidity Event Transaction occurring in which case the Options shall be deemed to be exercised immediately prior to the Liquidity Event Transaction.

4.6.6 The Corporation will use its best efforts to give the affected Participants written notice of anticipated Liquidity Event Transactions which the Board determines, in its sole and absolute have a reasonable prospect of consummation at least 14 days before the effective date of the consummation of such Liquidity Event Transaction.

4.7 Cashless Exercise

4.7.1 Subject to Section 3.6, and: (i) upon or in connection with a Liquidity Event Transaction pursuant to Section 4.6.5; or (ii) notwithstanding any other provision of the Plan, if permitted by the Board in its sole and absolute discretion, in lieu of making the cash payment of the aggregate Option Exercise Price otherwise contemplated to be made to the Corporation upon such exercise, a Participant may elect instead to exercise vested Options held by such Participant, by way of a "cashless exercise" and thereby receive, in consideration for the surrender by the Participant of such exercised Options, the "**Net Number**" of Class B Common Shares upon such exercise determined according to the following formula (a "**Cashless Exercise**"):

$$\text{Net Number} = \frac{[A \times (B - C)]}{B}$$

where:

A = the total number of Class B Common Shares purchasable under the Option being exercised or, if only a portion of the Option is being exercised, the total number of Class B Common Shares of such portion of the Option being exercised (at the date of such calculation)

B = the "Current Market Value" of one Class B Common Share (at the date of such calculation)

C = the Option Exercise Price of the Options (as adjusted to the date of such calculation).

For purposes hereof, the "**Current Market Value**" of a Class B Common Share as of a particular date (the "**Determination Date**") shall mean: (i) in connection with a Cashless Exercise upon or in connection with a Liquidity Event Transaction, the value attributable to such Class B Common Share in connection with the Liquidity Event Transaction; or (ii) in connection with a Cashless Exercise otherwise permitted by the Board in its sole and absolute discretion, the fair market value attributable to a Class B Common Share as established in good faith by the Board.

4.8 Amendments to Plan or Options

The Board may amend this Plan or any Option:

4.8.1 in accordance with Section 3.3.1, 4.5.2 or 4.11;

4.8.2 otherwise, in the discretion of the Board, provided that, if an amendment under this Section 4.8.2 materially impairs an Option or is materially adverse to its holder, the amendment will not take effect in respect of that Option until the consent of the Participant holding the Option has been obtained.

4.9 Withholding of Tax

4.9.1 The Corporation and any Subsidiary may take reasonable steps for the withholding of any taxes or other source deductions that it is required by Applicable Laws or the requirements of any Governmental Authority to remit in connection with this Plan, any Option or any issuance of Class B Common Shares upon the exercise of an Option, including:

4.9.1.1 deducting and withholding the amount required to be remitted from any cash remuneration or any other amount payable to a Participant, whether or not related to the Plan, the exercise of any Options or the issue of any Class B Common Shares; or

4.9.1.2 making the exercise of an Option conditional on the Participant paying to the Corporation or Subsidiary the amount required to be remitted.

4.10 Termination of Employment or Service

4.10.1 Unless otherwise determined by the Board under Section 4.11 or otherwise specified in the relevant Option Agreement, if a Participant ceases to be an Eligible Person:

4.10.1.1 any unvested portion of any Option held by that Participant will immediately expire as of the Termination Date; and

4.10.1.2 any vested portion of any Option held by that Participant will expire on the earlier of the Option Expiry Date set by the Board under Section 4.4 and:

4.10.1.2.1 in the case of termination of employment by the Corporation or a Subsidiary without cause, or the failure of a Director standing for election to be re-elected, or the failure by the Corporation or a Subsidiary to renew a contract for services at the end of its term, the date which is 90 days after the Termination Date;

4.10.1.2.2 in the case of the death of the Participant, the date which is one year after the death;

4.10.1.2.3 in the case of the Disability or Retirement of the Participant, the date which is 180 days after the Termination Date; and

4.10.1.2.4 in all other cases, the Termination Date.

(the date determined under Sections 4.10.1.2.1 to 4.10.1.2.4, the "**Early Expiry Date**").

4.10.2 Unless otherwise determined by the Board, Options will not be affected by any change of employment or provision of services within or among the Corporation or any Subsidiaries, so long as the Participant continues to be an Eligible Person.

4.10.3 The Early Expiry Date will be determined based on the first of the events described in Sections 4.10.1.2.1 to 4.10.1.2.4 to occur.

4.10.4 Options granted under this Plan are not part of a Participant's regular employment or consulting compensation, and no value will be attributed to any Options as part of calculating any Participant's damages for wrongful dismissal, or any amount due to a Participant with respect to reasonable notice, notice of termination, severance or termination pay, or compensation in lieu of notice.

4.11 Liquidity Event Transaction

4.11.1 Despite any other provision of this Plan or any Option Agreement, in the event of an actual or potential Liquidity Event Transaction, the Board has the right, in its sole discretion, without any action or consent required on the part of any Participant, to deal with any Options (or any portion of any Options) as follows:

4.11.1.1 determine that any Options (or any portion of any Options) will remain in full force and effect in accordance with their terms after the Liquidity Event Transaction;

4.11.1.2 cause any Options (or any portion of any Options) to be converted or exchanged for options to acquire shares of another entity involved in the Liquidity Event Transaction, having the same value and terms and conditions as the Options;

4.11.1.3 provide Participants with the right to surrender any Options (or any portion of any Options) for an amount per underlying Class B Common Share equal to the positive difference, if any, between the fair market value of the Class B Common Share on the date of surrender and the Option Exercise Price; or

4.11.1.4 conditional upon completion of the Liquidity Event Transaction, accelerate the date by which any Options (or any portion of any Options) must be exercised.

4.11.2 The Corporation will use its best efforts to give the affected Participants written notice of any determination made by the Board under Section 4.11.1 at least 14 days before the effective date of the Liquidity Event Transaction.

4.12 Transferability

4.12.1 Subject to Section 4.12.2, the Options and all benefits and rights accruing to a Participant in accordance with the terms and conditions of this Plan are not directly or indirectly transferable and cannot be assigned, charged, pledged or hypothecated, or otherwise alienated, by a Participant, whether voluntarily, involuntarily, by operation of law or otherwise.

4.12.2 On a Participant's death, vested Options, benefits and rights may pass by the Participant's will or the laws of descent and distribution to the legal representative of

the Participant's estate or any other Person who acquires the Participant's vested Options by bequest or inheritance. No transfer of a vested Option by will or by the laws of descent and distribution will be effective to bind the Corporation until the Corporation has been furnished with any evidence that the Corporation may deem necessary to establish the validity of the transfer and the acceptance by the transferee of the terms and conditions of this Plan and the relevant Option Agreement.

ARTICLE 5
MISCELLANEOUS PROVISIONS

5.1 No Rights as Shareholder

The holder of an Option will not have any rights as a shareholder of the Corporation with respect to any of the Class B Common Shares issuable on exercise of that Option until that holder has exercised that Option in accordance with the terms of this Plan and has been issued the Class B Common Shares.

5.2 No Employment Rights

Nothing in this Plan or any Option will confer on a Participant any right to continue in the employment or service of the Corporation or any Subsidiary or affect in any way the right of the Corporation or any Subsidiary to terminate the Participant's employment or service at any time; nor will anything in this Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Subsidiary to extend the employment or service of any Participant beyond the date on which the Participant's relationship with the Corporation or any Subsidiary would otherwise be terminated due to Retirement or pursuant to the provisions of any employment, consulting or other contract for services with the Corporation or any Subsidiary.

5.3 No Undertaking or Representation

The Participants, by participating in this Plan, will be deemed to have accepted all risks associated with acquiring Class B Common Shares pursuant to this Plan. Each Participant acknowledges that the Class B Common Shares are subject to, and may be required to be held indefinitely under, applicable securities laws. The Corporation and the Subsidiaries make no undertaking, representation, warranty or guarantee as to the future value or price, or as to the listing on any stock exchange or other market, of any Class B Common Shares issued under this Plan, and will not be liable to any Participant for any loss resulting from that Participant's participation in this Plan or as a result of the amendment, suspension or termination of this Plan or any Option in accordance with its terms.

5.4 Notices

All written notices to be given by a Participant to the Corporation will be delivered personally or by registered mail, postage prepaid, addressed as follows:

c/o Gowling WLG (Canada) LLP
1 First Canadian Place
100 King St. West, Suite 1600, Toronto, ON M5X 1G5

Attn: Nurhan Aycan

Any notice given by a Participant pursuant to the terms of an Option will not be effective until actually received by the Corporation at the above address.

5.5 Further Assurances

Each Participant will, when requested to do so by the Corporation, sign and deliver all documents relating to the granting or exercise of Options deemed necessary or desirable by the Corporation. Each Participant will provide the Corporation with all information (including personal information) which is necessary for the administration of this Plan, and each Participant consents to the collection, use and disclosure of information by the Corporation necessary for the administration of this Plan.

5.6 Submission to Jurisdiction

The Corporation and each Participant irrevocably and unconditionally submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario to determine all issues, whether at law or in equity, arising from this Plan and each Option Agreement. To the extent permitted by Applicable Laws, the Corporation and each Participant:

5.6.1 irrevocably waives any objection, including any claim of inconvenient forum, that it may now or in the future have to the venue of any legal proceeding arising out of or relating to this Plan or any Option Agreement in the courts of that Province, or that the subject matter of this Plan or any Option Agreement may not be enforced in those courts;

5.6.2 irrevocably agrees not to seek, and waives any right to, judicial review by any court which may be called on to enforce the judgment of the courts referred to in this Section 5.6, of the substantive merits of any suit, action or proceeding; and

5.6.3 to the extent the Corporation or any Participant has or may acquire any immunity from the jurisdiction of any court or from any legal process, whether through service or notice, attachment before judgment, attachment in aid of execution, execution or otherwise, with respect to itself or its property, that Person irrevocably waives that immunity in respect of its obligations under this Plan and any Option Agreement.

Adopted by the Board as of December, 2016.

* * *

EXHIBIT "A"

TO STOCK OPTION PLAN

DIGITAL UNDERGROUND MEDIA INC.
OPTION AGREEMENT

THIS AGREEMENT is dated as of • *(Insert the Grant Date.)* between Digital Underground Media Inc. (the "**Corporation**") and • *(Insert the name of the Participant.)* (the "**Participant**").

CONTEXT:

A. The Corporation has a stock option plan with an effective date of December, 2016 (as it may be amended at any time in accordance with its terms, the "**Plan**"). A copy of the Plan in effect on the date of this agreement has been (or is concurrently being) provided to the Participant. Capitalized terms used and not defined in this Agreement have the meaning given to them in the Plan.

B. The board of directors of the Corporation has authorized the granting to the Participant of an option under the Plan, having the terms set out in this agreement (the "**Option**").

THEREFORE, the parties agree as follows:

1. **The Plan.** The Participant agrees to be bound by the terms of the Plan (which may be amended). The terms and conditions of the Plan are deemed to be incorporated into and to form a part of this agreement. In the event of any inconsistency between the terms of the Plan and the terms of this agreement, the terms of the Plan will prevail.

2. **Grant of Option.** The Corporation grants, and the Participant accepts, the Option to purchase • class B common shares in the capital of the Corporation (the "**Class B Common Shares**").

3. **Exercise Price and Vesting.** The Option will vest and become exercisable as follows:

Number of Class B Common Shares	Vesting Conditions	Exercise Price
•	•	•
•	•	•
•	•	•
•	•	•

4. **Exercise of Vested Option.** The Option may be exercised: (a) other than by way of Cashless Exercise, in whole or in part, at any time up to and including 5:00 p.m. (Toronto time) on •; or (b) by way of a Cashless Exercise, in whole, upon a Liquidity Event Transaction, or in connection with and conditional upon the closing of, a Liquidity Event Transaction, in each case only to the extent that it has vested and has not expired or been terminated. To exercise the Option, in whole or in part, all conditions for exercise under the Plan must have been met, and the Participant must deliver to the Corporation a

written notice of exercise, substantially in the form of Schedule "A" to this agreement, and, if not a Cashless Exercise, accompanied by payment in full of the exercise price of the Class B Common Shares to be purchased. Any applicable payment of the exercise price must be made by cash, bank draft or certified cheque.

5. **Participation Voluntary.** The parties acknowledge and agree that Participant's participation in the Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly set out herein and in the Plan.

6. **Withholding Taxes.** The Corporation may take reasonable steps for the withholding of any taxes or other source deductions that it is required to remit in connection with the Option or any issuance of Class B Common Shares upon the exercise of the Option, as described in more detail in the Plan.

7. **Independent Legal Advice.** The Participant acknowledges that it has had the opportunity to receive independent legal advice from its own counsel with respect to the terms of this agreement, and understands the risks associated with acquiring Class B Common Shares pursuant to the Plan.

8. **Enurement.** This agreement enures to the benefit of and is binding upon the parties and their respective heirs, successors, assigns and representatives.

9. **Time of Essence.** Time is of the essence in all respects of this agreement.

10. **Counterparts.** This agreement may be executed and delivered by the parties in one or more counterparts, each of which will be an original, and those counterparts will together constitute one and the same instrument.

11. **Electronic Signatures.** Delivery of this agreement by facsimile, e-mail or other functionally equivalent electronic means of transmission constitutes valid and effective delivery.

Each of the parties has executed and delivered this agreement as of the date noted at the beginning of this agreement.

DIGITAL UNDERGROUND MEDIA INC.

by: _____
Name:
Title:

_____
• *(Insert name of the Participant.)*

SCHEDULE "A"

TO OPTION AGREEMENT

DIGITAL UNDERGROUND MEDIA INC.
STOCK OPTION PLAN
NOTICE OF EXERCISE

TO: **DIGITAL UNDERGROUND MEDIA INC.** (the **"Corporation"**)

DATE: _____

RE: **2016 Stock Option Plan** (the **"Plan"**)

I refer to the option (the **"Option"**) granted to me under the Plan and evidenced by an option agreement dated _____, 20____, under which I was granted, subject to the terms of that option agreement, an option to subscribe for Class B Common shares in the capital of the Corporation (the **"Class B Common Shares"**).

I subscribe for _____ Class B Common Shares under the Option at $_____ per Class B Common Share, payment for which in the aggregate amount of $_____ accompanies this subscription.

{or}

In connection with a Liquidity Event Transaction or with the permission of the Board in its sole and absolute discretion, I surrender _____ Class B Common Shares under the Option in exchange for the Net Number of Class B Common Shares.

Will you please cause those Class B Common Shares to be registered as follows:

_____

_____

_____

_____

(Insert full name and address of purchaser including postal code.)

and forward the relevant certificate to the registered holder at the address shown above.

Signed,

_____
(Signature)

_____
(Name)

F

Attached is **Exhibit "F"**

referred to in the

Affidavit of DREW CRAIG

sworn before me

this day of November, 2017

_____

Commissioner for taking Affidavits, etc

DIGITAL UNDERGROUND MEDIA INC.

FIRST AMENDMENT TO

SUBSCRIPTION & INVESTMENT AGREEMENT

Dated as of the ____ day of _____, 2016

FIRST AMENDMENT TO SUBSCRIPTION & INVESTMENT AGREEMENT

THIS AMENDING AGREEMENT is made as of the ____ day of _____, 2016

AMONG: **DIGITAL UNDERGROUND MEDIA INC.**, a corporation constituted under the laws of Ontario, having its principal place of business at 219-255 West 1st Street, North Vancouver, British Columbia V7M 3G8 herein acting and represented by Ken Bicknell, duly authorized for the purposes hereof as he so declares

("**Corporation**")

AND: **FORWARD DIMENSION CAPITAL 1 LLP** a limited liability partnership registered in England and Wales with registration number OC399433, having its principal place of business at 44 Great Marlborough Street, London, United Kingdom, W1F 7JL, herein acting and represented by Robert Murphy, duly authorized for the purposes hereof as he so declares

(the "**Investor**")

AND: **DREW CRAIG**, individual residing at 4280 Rockridge Road, West Vancouver, British Columbia, Canada

("**Craig**")

AND: **KEN BICKNELL**, individual residing at 3965 Westridge Avenue, West Vancouver, British Columbia, Canada

("**Bicknell**", and together with Craig, the **"Guarantors"**)

RECITALS

WHEREAS by a Subscription and Investment Agreement entered into on 27th July 2015 between the Investor, the Corporation and the Guarantors (the "**SIA**") the Investor subscribed for, and the Corporation issued Class A Common Shares in the capital of the Corporation;

AND WHEREAS the Investor has contributed a total of $10,000,000 into the Corporation, being made up of $5,000,000 contributed upon signing SIA on 27th July 2017, and a further $5,000,000 under the Class A Common Share Contribution Amount notwithstanding that neither the First Funding Milestone nor the Second Funding Milestone have been achieved.

AND WHEREAS the parties hereto have agreed to amend certain terms of the SIA as set out herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants contained herein and other good and valuable consideration (the receipt and sufficiency of which are hereby irrevocably acknowledged), the parties hereto agree as follows:

1. INTERPRETATION

1.1 Definitions

Clause 1.1 of the SIA shall apply to this Agreement as if set out in full herein.

1.1.1 "**2016 Business Plan**" (in this Agreement and in the SIA) means the "2016 business plan" of the Corporation attached in Schedule "L".

1.1.2 "**2017 Business Plan**" (in this Agreement and in the SIA) means the Business Plan of the Corporation for the 2017 financial year as adopted and approved by the board of directors of the Corporation.

1.2 Schedules

The following Schedule is incorporated into and forms part of the SIA:

Schedule "L" [2016 Business Plan]

1.3 Headings

The headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation hereof.

1.4 Extended Meanings

Words in the singular include the plural and vice-versa and words in one gender include all genders.

1.5 Invalidity

If any of the provisions contained in this Agreement are found by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not be in any way affected or impaired thereby.

1.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein (excluding any conflict of laws rule or principles that might refer such construction to the laws of another jurisdiction). Subject to Article 7, the parties hereto hereby submit to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.7 Currency

Except as otherwise expressly provided in this Agreement, all dollar amounts referred to in this Agreement are stated in the lawful currency of Canada.

1.8 Statutes and Agreements

Unless otherwise indicated, all references in this Agreement to any statute mean such statute as amended, re-enacted or replaced from time to time, and include all rules and regulations promulgated thereunder and all references herein to any agreement or instrument mean such agreement or instrument as amended, modified, varied, restated or replaced from time to time with the written agreement of the parties thereto.

1.9 Accounting Terms

All accounting and financial terms and references not defined in this Agreement are to be interpreted in accordance with GAAP.

1.10 Business Days

In the event that any act is required to be done, any notice is required hereunder to be given, or any period of time is to expire on any day that is not a Business Day, such act shall be required to be done or notice shall be required to be given or time shall expire on the next succeeding Business Day.

2. Amendment of the SIA

2.1 Deferred Financing Obligation

2.1.1 Article 3.2 of the SIA is hereby deleted in its entirety and replaced with the following:

"3.2 Funding Milestone Schedule

a) Subject to Section 3.2 b), the Investor shall pay the **Class A Common Share Contribution Amount** up to a maximum of $15,000,000 (including the sum of $5,000,000, paid prior to the date of this amendment), to the Corporation as follows:

i) Commencing from the calendar quarter July to September 2016, an amount equal to the operating losses of the Corporation (excluding capital expenditure) as set out in the 2016 Business Plan and 2017 Business Plan, payable in advance of the relevant calendar quarter or on a monthly basis as the parties agree; and

ii) Further amounts to be applied to capital expenditures subject to the approval of the board of directors of the Corporation including at least one director appointed by the Investor.

b) Notwithstanding Section 3.2 a) the Investor may at any time, upon five (5) Business Days' notice to the Corporation elect to pay all or any part of the Class A Common Share Contribution Amount which amount following such voluntary payment shall reduce the amount payable in respect of the amount of any further installment by the amount of such payment.

c) Upon any Class A Common Share Contribution Amount being payable in accordance with Article 3.2 a) the Corporation shall notify the Investor (the "**Funding Notice**").

d) Subject to Section 2.1.1b), the closing of the installments contemplated in this Section 3.2 will occur on a date determined by the Investor which shall be no later than the tenth Business Day following the date of the Funding Notice and in the case of instalments in accordance with Article 3.2 a) i) no earlier than ten Business Days prior to the start of the relevant calendar quarter."

2.1.2 All other terms of the SIA shall continue to have full force and effect.

[SIGNATURES APPEAR ON NEXT PAGE]

TO WITNESS their agreement, the parties have duly executed this Agreement on the date first written above.

DIGITAL UNDERGROUND MEDIA INC.

Per: _____
Name:
Title:

FORWARD DIMENSION CAPITAL 1 LLP

Per: _____
Name:
Title:

_____ Witness

_____ **Drew Craig**

_____ Witness

_____ **Ken Bicknell**

SCHEDULE "L"
2016 BUSINESS PLAN

G

Attached is **Exhibit "G"**

referred to in the

Affidavit of DREW CRAIG

sworn before me

this day of November, 2017

_____

Commissioner for taking Affidavits, etc

Dated _____, 2016

DIGITAL UNDERGROUND MEDIA INC.

FIRST AMENDMENT TO
UNANIMOUS SHAREHOLDERS AGREEMENT

NORTON ROSE FULBRIGHT

Contents

Section **Page**

THIS FIRST AMENDMENT TO THE UNANIMOUS SHAREHOLDERS AGREEMENT is dated _____, 2016, and made between:

(1) **DIGITAL UNDERGROUND MEDIA INC.**, a corporation existing under the laws of Ontario (the **Corporation**);

(2) **FORWARD DIMENSION CAPITAL 1 LLP**, a limited liability partnership registered in England and Wales with registration number OC399433 (**Forward**);

(3) **J.D. CRAIG HOLDINGS INC.**, a corporation existing under the laws of Ontario (**J.D. Craig Holdings**);

(4) **KENNETH BICKNELL**, an individual resident in British Columbia (**Bicknell**);

(5) **THE BICKNELL FAMILY TRUST**, a trust existing under the laws of Manitoba and represented by its sole trustee Bicknell (**Bicknell Trust**);

(6) **MICHAEL LAITINEN**, an individual resident in British Columbia (**Laitinen**);and

(7) **DREW CRAIG**, an individual resident in British Columbia (**Craig**).

[NOTE – FINAL PARTIES REQUIRED TBD]

RECITALS:

(A) The Parties entered into an Agreement between themselves and other parties specified therein (the "**USA**") on 27th July 2015 for the purpose of setting out, *inter alia*, the manner in which the business and affairs of the Corporation is to be conducted, the manner in which the Corporation is to be financed and the respective rights and obligations of the Parties arising out of, or in connection with, the ownership of Shares;

(B) The Parties have agreed to amend the USA as set out herein; and

(C) In accordance with Article 14.7 of the USA the USA may be amended by an Extraordinary Resolution of the Board together with the written approval of Shareholders holding an aggregate Shareholder Proportionate Interest of at least $66^{2/3}$ %

(D) The Board has approved the amendment of the USA as set out in Article 2 of this Agreement by an Extraordinary Resolution.

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are acknowledged), the Parties agree as follows:

Article 1 - Interpretation

1.1 Definitions

In this Agreement, the Definitions set out in Article 1.1 of the USA shall apply to all capitalised terms used herein.

1.2 Headings etc.

The inclusion of a table of contents, the division of this Agreement into articles and sections and the insertion of headings are for convenient reference only and do not affect and should not be used in the construction or interpretation of this Agreement.

1.3 No Presumption

The Parties and their counsel have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or a question of intent or interpretation arises, this Agreement is to be construed as if drafted jointly by the Parties. No presumption or burden of proof should arise in favour of any Party by virtue of the authorship of any provision of this Agreement.

1.4 Governing Law

(a) This Agreement is governed by and is to be interpreted, construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to conflict of law principles.

(b) Subject to the dispute resolution provisions of this Agreement, each of the Parties irrevocably attorns and submits to the exclusive jurisdiction of the courts of Ontario in any action or proceeding arising out of or relating to this Agreement. Each of the Parties waives objection to the venue of any action or proceeding in such court or any argument that such court provides an inconvenient forum.

Article 2 – Amendment of USA

2.1 Deletion of Article 3.6 of the USA "Forward Management Event"

The Parties, being the holders of aggregate Shareholder Proportionate Interests of at least $66^{2/3}$ %, hereby agree that the USA shall be amended by the deletion of Article 3.6 in its entirety.

Article 3- Miscellaneous

3.1 Third Party Beneficiaries

Except as otherwise expressly provided in this Agreement, the Parties do not intend that this Agreement benefit or create any legal or equitable right, remedy or cause of action in, or on behalf of, any Person other than a Party and no Person, other than a Party, is entitled to rely on the provisions of this Agreement in any proceeding.

3.2 Expenses

Except as otherwise expressly provided in this Agreement, all costs and expenses (including the fees and disbursements of legal counsel, investment advisers and accountants) incurred in connection with this Agreement and the transactions contemplated in this Agreement shall be paid by the Party incurring such expenses.

3.3 Amendments

This Agreement may only be amended, supplemented or otherwise modified by Extraordinary Resolution of the Board, together with the written approval of Shareholders holding an aggregate Shareholder Proportionate Interest of at least $66^{2/3}\%$.

3.4 Further Assurances

Each of the Parties shall promptly do such further acts and execute such documents as any other Party may reasonably require from time to time for the purpose of giving effect to this Agreement and shall use all reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent, in good faith, the provisions of this Agreement.

3.5 Counterparts

This Agreement may be executed in any number of separate counterparts (including by facsimile or other electronic means) and all such signed counterparts will together constitute one and the same agreement. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature on the execution page hereof to the other Parties by facsimile or other means of recorded electronic transmission and such transmission (including in PDF form) with an acknowledgement of receipt shall constitute delivery of an executed copy of this Agreement to the receiving Party.

IN WITNESS WHEREOF the Parties have executed this Agreement.

FORWARD DIMENSION CAPITAL 1 LLP

By: _____

Name:

Title:

THE BICKNELL FAMILY TRUST

By: _____

Name:

Title:

DIGITAL UNDERGROUND MEDIA INC.

By: _____

Name:

Title:

JD CRAIG HOLDINGS INC.

By: _____

Name:

Title:

Witness	Drew Craig
Witness	Kenneth Bicknell
Witness	Michael Laitinen

H

Attached is **Exhibit "H"**

referred to in the

Affidavit of DREW CRAIG

sworn before me

this day of November, 2017

_____

Commissioner for taking Affidavits, etc

Adtrackmedia Board Minutes January 24&25th, 2017

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Present:
Gavin Owston
David Rigby
Ken Bicknell
Drew Craig

Guests:
Mike Laitinen
Andrew Glancy

Administration

Agenda for the meeting is approved

Sales

Update – AG

Andrew provided an update on all markets – staffing, sales history and future sales. Issues were discussed about Seoul and Sao Paulo Markets. Steps to resolve issues were discussed and Andrew is already advancing the plan to resolve issues

Business Development

update – KB

Ken provided an update on the Business Development.

- Advancements in the Canadian Market - Vancouver and Toronto, soon Montreal
- Tokyo – Ken discussed the Dentsu relationship and Board reviewed the documents signed by Dentsu – of note is the 60% minimum sales or lose exclusivity of market – it was noted by Ken that Dentsu buys 70% of all inventory in Tokyo Metro
- Madrid – discussed the opportunity in Madrid Metro and Ken noted the change in CEO and that he has put new people into the marketing positions – Ken has received good feedback from the new people that the project will move forward. Expect RFP in March 2017 timeframe.
- Telefonica Deal – Ken presented the Telefonica proposal – partner with Telefonica and Telefonica will finance the rollout of systems in Madrid and hopefully rest of Spain. The potential debt for the company would be approximately $6million Euros and the Board was in favour of pursuing the partnership.

Financial Report

update – ML

Presented Base Case Plan – Burn approximately $1 million per quarter with only capital expenditures of the LA System being installed and the Madrid system being replaced with 384 LDU's.
Mike to send the base case plan with the new financial reporting package presented by David in the next couple of weeks.

Competition

update – KB

Jinri - China Competitor

Ken informed the Board of the trip to China. ~~Forward~~FDC board members asked if Jinri was big threat – Executive team thought Jinri was threat but Digital has a runway on Jinri in the

world outside China as Digital has installed and gone through the process of obtaining Metro contract, engineering, installation and operation in multiple countries outside China.

Motion LED

MotionLED offered a price of $250,000USD to remove all royalties and Digital Underground Media would benefit from the elimination of all conditions particularly the 10 year end of term conditions.

~~Forward~~FDC Board members thought $100,000USD was sufficient and requested Ken go back to them with that offer. Noting 100K as a good starting point to try to get to a reasonable amount to get the deal done.

There was also general discussion and consensus that getting rid of Motion LED with all of the issues on the tail of the agreement would be a good idea . It was also discussed in the context of making fundraising/DD easier.

Other Business

~~Forward Dimension~~FDC Changes

~~Forward Dimension~~FDC is now not ~~receiving~~going to raise a second ~~investment and will~~private equity fund. 2 businesses from the existing fund are in sales processes at the moment. The remaining 2 or 3 businesses are likely to be ~~folding~~transferred out of the fund into ~~Neil's~~NEON, Neil Hutchinson's holding company. ~~Most assets have been sold and there will only be two remaining in the portfolio.~~ Digital Underground Media Inc. is one of the two that will be left. The asset will roll into the holding company at cost.

Gavin ~~is leaving Forward~~will leave FDC at some point in 2017 and David is remaining on.

Simon Davies from ~~Forward~~FDC will be taking Gavin's place on the Board.

Financing

Discussion about finding additional ~~money~~capital to support the growth of the company ~~before running out of money and the changes occurring at Forward noted above~~.

~~Digital executive team concerned about obtaining minimum $65 million in valuation at this time.~~

~~Forward Board members thought a good thing would be to solidify the value of the company at $40 million. Find~~All were agreed that finding an investor that would come along side ~~Forward and invest at the same valuation Forward is investing at~~FDC would be preferrable.

~~The concern from the Executive Team of Digital was the pref share treatment on $40 million valuation~~

~~Forward Board Members stated they would waive the pref share component to get a deal and solidify the value.~~

Next Steps Board set that Gavin, Drew and Mike would prepare the presentation and model in the next couple of weeks

The board gave ~~D~~Drew Craig the mandate to advance discussions with potential ~~Canadian strategics and look for additional~~ investors ~~on a minimum 40M pre money valuation~~. Gavin will also chase down London based potential investors.

~~employee~~

Employee benefits

Discussed the employee benefit package for the employees. Walked through the HSA account and the Board approved the package.

Approval

Director: _____

Director: _____

Date:

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Adtrackmedia Inc

GO proposed drafts

Monthly Board call

Thursday, 27th April 2017

Attendees: Drew Craig, Ken Bicknell, Andrew Glancy (guest), Gavin Owston
Apologies: David Rigby, Mike Laitinen (guest), Simon Davies (guest)

Andrew Glancy – Sales

Seoul

- 33% fill rate this week across all 4 systems
- 1st return client has purchased 1 slot for 6 months
- Local economic environment more positive than international media represents. President impeached and imprisoned, national elections May 9th
- Previous sales manager let go. New sales manager is doing well, and continues on a commission only structure

Madrid

- System re-launched on Apr 17
- 50% fill rate last week and this week
- Spanish bull fighting national holiday next week. No sales.
- Thereafter orders at 50% fill rate for 3 weeks
- Strategy of holding prices at €20,000 per slot per month. (€120,000 per system per month)
- GroupM (WPP) relationship rebuilt. Their client, Universal, has taken 1 slot for 2 weeks

Sao Paulo

- 50% fill rate this week
- Sales channel focus is on direct-to-brand and big-agencies.
- Exclusivity has been legally broken on Eletromedia contract. Allows us to sell direct. Eletromedia receive no revenue from these sales, but ViaQuattro receive a higher revenue split with us

GO commented that it was good to hear of the improved fill rates (not discounted) in the 3 territories but also expressed concern that this was not reflected in the most recent financial pack at March 2017. Fill rates in this document for April are, Seoul 33%, Madrid 27% and Sao Paulo 15%. AG and KB commented there were discussions on-going in Adtrack to best reflect sales in the financial report. Currently demand and POs drive the sales reports whereas the financial report is driven by revenue recognition. This leads to timing differences.

Ken Bicknell - Operations

- Reinstallation of upgraded 384 system in Madrid completed during maintenance closure of metro. Much better picture quality with reduced flicker. Some timing issues will be rectified in the next 2 weeks
- ML has been in Madrid cleaning up the corporate structure so that there is a clean vehicle to submit for the RFP

Ken Bicknell - Business Development

- **Madrid** – Adtrack being told by Madrid Metro that the RFP for 10 systems will come out in June 2017 with an expected decision in July 2017. Discussions continue regarding the preferred location of the 10 systems
- **Barcelona** – JC Decaux have granted permission for their exclusivity to lapse. Metro is moving towards a public tender once this is confirmed in writing. Metro has asked Paul East and Telefonica to review the technology in their tunnels. Expected 3rd quarter 2017 RFP opportunity
- **Rotterdam** – the Metro have told Adtrack they intend to move forward to an RFP shortly. They have asked Adtrack to review the RFP documentation. Expected 2nd quarter 2017 RFP opportunity
- **Singapore** – signed MoU with Moove Media an OOH specialist agency who have existing rights to two metro lines in Singapore. MRT the owner and operator of the remaining metro system in Singapore is drafting an NDA for Adtrack
- **Rome** – following discussions with Adtrack, metro has suggested running an RFP for Sept 2017
- **Mexico City** – equipment previously sitting in LA has been moved to Mexico City, awaiting installation. Adtrack in discussions regarding establishment of JV vehicle
- **Vancouver and Toronto** – constructive discussions on-going
- **Tokyo** – Dentsu, under the terms of their MoU with Adtrack, are continuing discussions with Tokyo metro

The meeting concluded with a conversation between GO, KB and DC to reconfirm the dates on May 11th and 12th for the trip to London. GO stressed the importance of the opportunity for a resetting of the relationship, and encouraged the presentation of a realistic 1-year business plan and an aggressive review of costs.

Digital Underground Media Inc.

Monthly Board call

Friday, 26th May 2017

Attendees: Drew Craig, Ken Bicknell, Gavin Owston, Mike Laitinen (guest), Simon Davies (guest)
Apologies: David Rigby,

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1. KB Called to order 16:06 GMT, and approval agenda
2. Approval of Minutes,
    - GO requested clarification of sales rep situation in Korea
        - KB a number of commission only sales agents in addition to retainer based sales rep.
    - Approved subject to amending typo as noted
3. Review of FS and forecast
    - KB highlighted variances to plan. Noted that the expenses across the board are forecast to be $250k below the approved original plan.
    - GO asked for clarification of deferability of the near-term payables and liabilities.
        - KB Innovex and Dasung payments are tied to the purchase of the technology, HR and the 3rd party costs of the approved R&D project, now at a critical point.
        - DC noted that Beacon is amicable to standing by
        - ML noted E&Y estimated and should be able to pay in the fall
    - ML & GO discussed the HR at HO and Kr and Innovex and Dasung – the monthly payment is $10,000 CDN to Mr Lee Dasung and $9583.33 USD to Innovex for HR - these are paid every three months – total 1/4ly payment $30,000 CDN to Mr Lee and $28,750 USD to Innovex) – payment is outstanding for last ¼ and included in long term payables
    - GO asked if this represents the new revised B-plan or the current plan and variances
        - KB advised that these FS do not represent the proposed B-Plan and that those adjustments will be reflected in B-Plan to be circulated
4. Timing of B-Plan
    - KB advised that the 2018 B-Plan is underway with a delivery of no later than June 9 with a plan for effective date of Aug. Is a detailed process with a number of moving parts that are required to be addressed and that supporting materials will be included to provide substantiation of B-Plan.
    - Cash burn, KB discussed that the focus will be on reducing the burn at HO, reviewing alternatives relative to ownership models for the Subs.

- SD sought clarification of effect on IP
- KB confirmed ownership of IP will remain ours, physical asset rights would transfer in exchange for a cheque and a royalty. KB also provided a background on tech history and multiple business platforms and various models for SD.

5. Considerations relative to cuts
    - KB advised challenges relative to contracted employees and consultants, and technology agreements, in addition to compensation to reward employees, relative to cuts
    - SD requested explanation of ramifications of and assumptions of component parts of plan. Indicated starting point should be managements recommendations presented in B-Plan.
    - GO indicated that some discussions should be undertaken prior to June 9th with the intent of providing management with some direction
6. Go forward strategic plan
    - KB indicated that management is focused and strongly believes that long term value creation is still available and is tied to market growth and planning to that end unless the board advises otherwise.
    - GO confirmed attraction of adtrackmedia is long term value, challenge is linking theoretical to actual and this gap is the challenge. Exercise is tied to allocating resources prudently while maintaining critical parts of business. Believes value ~~to~~ generated by ~~in two ways~~ revenue growth, but also agrees that if ~~or~~ other investors invest at attractive valuations this would also validate the strategy of Adtrack.
    - KB discussed the lead time and need for allocation of resources to asset build specifically to reduce our timeline to revenue post RFP win.
    - SD indicated that this area should be part of the B-Plan, and should include a timeline to buildouts.
7. Cash need /timing
    - KB discussed the cash needs of the company in the very near term to meet the liquidity needs.
    - GO Concerned about challenge of timing of cash need relative to the B-Plan delivery. Requested a list of the most urgent payables.
8. New Business
    - None presented
9. Adjournment
    - Meeting adjourned 17:17 GMT

Signed:

Ken Bicknell

Gavin Owston

I

Attached is **Exhibit "I"**

referred to in the

Affidavit of DREW CRAIG

sworn before me

this day of November, 2017

_____

Commissioner for taking Affidavits, etc

---------- Forwarded message ----------
From: **David Rigby** <david@forwarddimension.com>
Date: Thu, Feb 9, 2017 at 4:44 PM
Subject: Re: Funding as Discussed at Board Meeting
To: Mike Laitinen <mike@adtrackmedia.com>
Cc: Gavin Owston <gavin@forwarddimension.com>, Ken Bicknell <ken@adtrackmedia.com>, Drew Craig <drew@adtrackmedia.com>

Hi Mike

Thanks for this.

The basic position is that for the period up until the end of June (possibly a bit earlier, possibly a bit later) there is a pinch point in Neil's cash flow around his various assets occasioned by a very substantial and somewhat unexpected (rightly or wrongly!) tax bill. The tax position involves having to advance pay tax on some sale proceeds and is complex, but it doesn't reverse itself for around 6-9 months. In the meantime we are in a sale process to sell Forward3D, as we told you all when we were in Vancouver recently. That process is going very well and we expect to complete before the end of June, at which point the funding position across Neil's portfolio will be fine. So please be reassured that there is no long term issue in terms of the funding our commitment to you, it is a short term problem only.

There are things we, and Neil's other interests can and will do to bridge this issue, but any mitigation amongst the portfolio cash consumption is helpful and obviously sensible in the circumstances. So...if you can run with

$500k now and the other $500k of this call toward the end of the month maybe, it all helps a bit toward a collective improvement. At the end of the day, if you need it to meet urgent commitments, then we understand that and will transfer it. The ask really is to do what you can to hold this ongoing flow back wherever you can. As for the next $1m, I have passed over the base case cash flow you shared with us, which I think showed the next payment in April rather than March as you have just mentioned here. Again, any slippage in the need is helpful. In aggregate - just so we are understanding the start point - I was looking at a schedule that showed $1m in February (the current request) April and then June. After that time, as stated above, I expect things to have eased.

When Simon and I see you at the start of March, one of the main objectives is to really get underneath and understand the cash flows and sensitivities - so that will be an opportune moment for us to together conclude as to the required timing of the tranches pencilled in for March/April and June - and indeed the quantum that you actually need to meet all your commitments, whilst at the same time minimising the cash balance you are holding for a period of time. As I said earlier, the cash is there if you need it - but wherever we can hold back or run with a smaller buffer for a short time, we would appreciate it. We know you run a tight ship anyway Mike, and we have always appreciated this, so let's just see what we can do.

Hope that all makes sense!

best
David

On Thu, Feb 9, 2017 at 10:34 PM, Mike Laitinen <mike@adtrackmedia.com> wrote:

> Hi Gavin
> we have looked through our cash flow and we are tight with the Los Angeles Install starting, last payment on the R&D project due and funding requirements of subsidiaries. I will take the $500,000 but would appreciate an understanding of when the remaining balance would be available. In our plan we were drawing an additional $1million in late March and want to make sure we are good with that as well.
>
> Thanks
> mike

Michael Laitinen
Chief Financial Officer
Digital Underground Media Inc.
(604) 620 4650
mike@adtrackmedia.com

On Tue, Feb 7, 2017 at 10:24 AM, Gavin Owston <gavin@forwarddimension.com> wrote:

> Thanks Mike. As you will know from our trip to Vancouver there is a bit of a portfolio review going on here. On top of that, Neon (Neil's holding company above us) has some short term cashflow constraints relating to a tax bill they need to settle over the next few days.

With that as background, how urgently do you need this $1mn. If some of it is really urgent, is there an opportunity to reduce the request from the full $1mn to, say, $0.5mn. But ideally can we push this funding request back a week or two?

Thanks,

Gavin

On 6 Feb 2017, at 05:03, Mike Laitinen <mike@adtrackmedia.com> wrote:

Hi Gavin and David,
I am requesting a funding of $1million this week.
I can send any information you are looking for tomorrow when I get into the office

Regards,
Mike

Michael Laitinen
Chief Financial Officer
Digital Underground Media Inc.
(604) 620 4650
mike@adtrackmedia.com

J

Attached is **Exhibit "J"**

referred to in the

Affidavit of DREW CRAIG

sworn before me

this day of November, 2017

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Commissioner for taking Affidavits, etc

Adtrack investment proposal

To: Adtrackmedia Inc/Digital Underground Inc ("Adtrack") management team

From: FDC/Neon ("NEON")

Date: Mon, June 19th, 2017

Introduction

In line with our feedback after the Management presentation on Thursday 15th June, we undertook to review the 2017/2018 business plan in conjunction with the key points discussed during your presentation in order to be able to provide feedback on future investment. The purpose of this paper is to outline the key commercial considerations NEON would need comfort on in order to consider continuing to invest in Adtrack for the remaining calendar year until 31st December 2017, and potentially beyond.

As discussed, NEON recognises the importance of providing further funding to Adtrack to be able to give the business the longest possible timetable for it to improve its performance. However, this can only be done in conjunction with Adtrack significantly reducing the monthly cash burn and operating costs of running the business whilst it is underperforming. We therefore really appreciate the efforts that have been made by the management team in writing the June 2017 business plan ("BP") which reduces not only the business's operating costs materially, but also sacrifices a significant proportion of management's personal salaries.

This has to be seen against the backdrop of a weak performance of the business since we invested in July 2015 and its failure to achieve any of the key milestones that were set out in the SIA. This has understandably materially damaged our confidence in the ability of Adtrack to achieve not only its current targets, but whether we can truly make a reasonable return on investment in the medium term. This inevitably therefore significantly increases the risk on any future capital that we may wish to invest, whilst also questioning the likely return on the capital already invested.

It addition to the above it is clear that the operating model has significantly shifted from the original one envisaged and presented to us, and formed the basis upon which we approved our original investment commitment. Most notably:

- in 2015 the ROIs envisaged based on management feedback and submissions were stated to be between 45% and 100%+, whereas in the latest presentation the 2017 ROIs have been reduced to around 10-20% long term, with reasonably significant start up losses, and therefore 'risk capital' in each new market entered;

- payback as presented in 2015 was expected to be between 9 and 21 months per system, it is now expected to be 60 to 72 months per new system

Therefore in summary, the risk profile has increased significantly, the return on capital has reduced and the likely timescale has lengthened by a between 300-500%.

Investment and objectives
In NEON's opinion Adtrack requires significant further equity investment of at least C$20mn, possibly more, in order to have a reasonable chance of reaching its objectives. The market opportunity appears to remain material but the execution risks experienced to date have been significant and the learning steeper than we would have anticipated.

It is clear that this will require a significant investment by an additional large venture capital firm and/or a large cornerstone investment from a strategic media partner. In order to give Adtrack the opportunity of attracting such an equity investment NEON is considering leading an investment of approximately C$2mn in order to fund the business to Dec 31st 2017.

This C$2mn is an estimate from NEON of the short term cashflow needs of the business up to the start of the BP in Sept 2017, plus, the first 4 months based on information supplied by Adtrack management last week. This short term cash requirement level of funding will need further analysis and confirmation by Adtrack's management team.

We also recommend that shareholders and management agree a medium term business plan covering 2018/2019 and 2019/2020 for Adtrack. This plan would then form the basis for further external equity fund raising to be achieved before Dec 31st 2017.

NEON would require Adtrack to achieve 2 of the 4 strategic objectives set out in the BP during this period for us to consider further funding thereafter.

- Secure 1 system under the JV in Mexico City
- Secure 1 system in Singapore
- Secure 1 system in Japan under the current Dentsu MoU
- Secure 1 additional system in Spain with financing on acceptable terms from Telefonica

NEON appreciates that physically launching any one of the above systems may well be challenging within the timeframes outlined. However, we would require full contractual commitments which we would wish to discuss with you over the next 2 weeks.

New equity structure

Preference shares
NEON considers that the best long term interests of Adtrack would be better served by a new alignment of funding shareholders and management incentives.

We have balanced the needs of NEON potentially investing in a significantly higher risk venture than we had understood for the reasons we have outlined above. As well as the very significant 'miss' of the milestones as negotiated and agreed at length in the SIA, with the needs to continue to motivate management and to provide management with an opportunity to build significant capital if valuation targets are achieved in the future.

We also believe the business needs to restructure the senior debt (secured and 2nd lien) owned by Drew Craig as we consider the senior debt's existence increases the risks to any future equity investor to unacceptable levels, including ourselves. We propose to convert this debt into the same preferred equity class that NEON are invested in, again to increase alignment.

David Chae's C$250k loan due in Sept 2017 would also be converted into preference shares on the same basis.

We estimate that Ken and Mike will each forgo C$50k of salary in the second six months of 2017 and in return for this they will also receive preference shares.

We propose to simplify the current preferred equity terms into a preference of 1x invested capital. This share class would be made available on a 'dollar for dollar' basis:

- any new cash investor in Adtrack (rewarded with a "kicker" of 1.5:1)
- any converted debt (also rewarded at 1.5:1)
- and any salary sacrifice (also rewarded at 1.5:1)

We consider all such transactions as contributions towards the future success of Adtrack.

NEON and Drew Craig would share the C$2mn funding requirement of the business until year end 2017 on a proportional basis. And the preference shares will be grossed up to reflect this increase in investment for both parties. Ken and Mike would not be expected to make a cash funding contribution. However, we would welcome their further participation.

Ordinary shares and options

We propose to issue 9.57% of the ordinary share capital to management in this revised capitalisation. All of this tranche of equity will come from NEON (Drew Craig will not be diluted at this stage).

Further, we recommend initially that 2 new tranches of management options be created. Options covering 5% of the ordinary equity of Adtrack will be issued at a strike price of C$35mn, and the second tranche will have a strike price of C$70mn. The issuance of these options will dilute all existing ordinary equity holders.

If the business achieves a valuation of above C$70mn as we all hope it does then the preference and ordinary shareholdings will be as follows:

	Preference shares	Ordinary shares diluted at 70mn+
	%	%
NEON	71.96%	56.55%
Drew	25.42%	22.94%
Ken	0.37%	0.34%
Mike	0.37%	0.34%
David Chae	1.87%	1.69%
Management equity pot		8.39%
Management option pot		9.75%
Management sub total		18.14%
Total	100.00%	100.00%

Operational structure

In addition to achieving the operational and sales objectives above, NEON believes the single most important objective for Adtrack is to raise new equity financing as quickly as possible and on the best terms available. We do not believe being headquartered in Vancouver assists in the delivery of this goal. Therefore we recommend relocating the headquarters to London where there is a large venture capital community, with the additional benefit of trying to re-open the old Heathrow Express installation. NEON would lead the fund raising with the assistance of the management team and Board.

NEON would appoint the Chairman, and 2 NEDs, one of whom would be from the Out of Home media industry. We request that Drew becomes a NED and steps down from his executive responsibilities and salary. Ken would continue as CEO and Mike as CFO. For both of these roles to be fully fulfilled we would need these based out of the UK for the foreseeable future.

Appendix

Shareholder structure

			Funding			Mgt Ord	Revised	35m+ Valuation		70m+ Valuation	
		CAD $000	CAD $000	Pref CAD $000	Pref %	Shares %	Shares %	% Option %	Revised Shares %	% Option %	Revised Shares %
Neon		12,000		12,000	71.96%	-9.30%	62.66%	-3.13%	59.53%	-2.98%	56.55%
Neon New funding			1,600	2,400							
Drew	Secured Loan	2,300		3,450	25.42%		25.42%	-1.27%	24.15%	-1.21%	22.94%
	Interest Outstanding	94		141							
Drew	Junior Loan	513		770							
New Funding	New funding on same basis		484	726							
Ken	CAD $ 100 full year	50		75	0.37%		0.37%	-0.02%	0.36%	-0.02%	0.34%
Mike	CAD $ 100 full year	50		75	0.37%		0.37%	-0.02%	0.36%	-0.02%	0.34%
Management Pool	Ordinary - Total					9.30%	9.30%	-0.47%	8.84%	-0.44%	8.39%
	Ken -TBC										
	Mike -TBC										
Options	Options - Total							5.00%	5.00%	4.75%	9.75%
	Ken - TBC										
	Mike - TBC										
D Chae	2nd install of orginal	250		375	1.87%		1.87%	-0.09%	1.78%	-0.09%	1.69%
Other Shareholders - TBC											
		15,257	2,084	20,012	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%
				with kicker	1.50			Pari Passu		Pari Passu	

C$ 000s	Investment	Valuation 20,000	35,000	50,000	70,000	100,000
Valuation Tiering						
Preference		20,012	20,012	20,012	20,012	20,012
To 35m			14,989	14,989	14,989	14,989
35m to 50m				15,000	15,000	15,000
50m to 70m					*20,000*	*20,000*
70m plus						30,000
Shareholder Allocation of Valuation						
Neon	14,400	14,400	23,792	32,720	44,626	61,590
Drew	5,087	5,087	8,896	12,518	17,348	24,230
Ken	75	75	131	185	256	357
Mike	75	75	131	185	256	357
D Chae	375	375	656	923	1,279	1,786
Mgt Ordinary - Total		-	1,394	2,719	4,486	7,004
Mgt Ordinary - Ken		-	-	-	-	-
Mgt Ordinary - Mike		-	-	-	-	-
Mgt Options - Total				750	1,750	4,675
Mgt Options - Ken				-	-	-
Mgt Options - Mike				-	-	-
	20,012	*20,012*	*35,000*	*50,000*	*70,000*	*100,000*

K

Attached is **Exhibit "K"**

referred to in the

Affidavit of DREW CRAIG

sworn before me

this day of November, 2017

_____

Commissioner for taking Affidavits, etc

Gmail by Google

Ken Bicknell <ken@adtrackmedia.com>

Fwd: Resignations

1 message

Drew Craig <drew@adtrackmedia.com> Tue, Nov 7, 2017 at 10:43 AM
To: Ken Bicknell <ken@adtrackmedia.com>

---------- Forwarded message ----------
From: **Gavin Owston** <gavin@forwarddimension.com>
Date: Mon, Jul 10, 2017 at 9:23 AM
Subject: Resignations
To: Drew Craig <drew@adtrackmedia.com>
Cc: David Rigby <david@forwarddimension.com>

Drew,

Please find attached a letter of resignation from David and myself regarding DU.
In spite of this we remain available for any discussions you would like to have.

Regards,

Gavin

--

adtrackmedia

Drew Craig | Executive Chair
Suite 320 - 321 Water St. Vancouver, BC, Canada, V6B 1A4
m +1(778) 918-1704
www.adtrackmedia.com

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FORWARD DIMENSION CAPITAL

For the attention of the Directors
Digital Underground Media Inc.
320-321 Water Street
Vancouver
BC V6B 1B8
Canada

10th July 2017

Dear Drew,

We are writing to you, as Executive Chairman, to notify the Company of our formal resignation from the Board of Directors of Digital Underground Media Inc ("the Company"), and any other related entities, with immediate effect.

We have not taken these decisions lightly, but feel that, having received formal notification from you this morning (in your capacity as the senior secured creditor) that the Company is in default of your loan terms, this leaves us no option but to resign. Your rejection of the FDC/Neon financial proposal of 19th June, and your subsequent notification of default on your loan, which, based on our previous conversations with you, we had understood was not a course of action you wanted to go down, effectively puts you in exclusive control of the Company and we cannot therefore continue to be effective non-executive Directors.

Further, we do not believe that, as Directors, we have genuinely been able to influence the business for a number of months now to take the steps we believe to have been necessary around the reduction of costs, focus of sales efforts, improvements in timely and accurate management information, and appropriate governance in general. We have had Board discussions around all of these issues many times over the past nine months and, over that period, it has become increasingly apparent that progress has continued to be very slow. Given this, we had previously discussed the need for the business to take whatever steps were necessary to extend the time available for it to secure the business that may support future investment. These included short term financing options, more focused sales efforts, and a reduction in costs in a number of areas. These actions are only now being taken despite the need having been apparent for some time.

Whilst we still believe the business to be an exciting one with significant potential, it is unfortunately not now in a position whereby we can participate or influence.

Please can you ensure relevant filings are made with the appropriate corporate registries in Canada and forward to each of us confirmations as soon as possible.

Yours sincerely,

Gavin Owston

David Rigby

L

Attached is **Exhibit "L"**

referred to in the

Affidavit of DREW CRAIG

sworn before me

this day of November, 2017

_____

Commissioner for taking Affidavits, etc

30922154.1

Gmail by Google

Ken Bicknell <ken@adtrackmedia.com>

Fwd: resignations/comments

1 message

Drew Craig <drew@adtrackmedia.com> Tue, Nov 7, 2017 at 10:47 AM
To: Ken Bicknell <ken@adtrackmedia.com>

---------- Forwarded message ----------
From: **Graham Coxell** <graham@forwarddimension.com>
Date: Wed, Jul 12, 2017 at 11:15 AM
Subject: Re: resignations/comments
To: Drew Craig <drew@adtrackmedia.com>
Cc: Gavin Owston <gavin@forwarddimension.com>, David Rigby <david@forwarddimension.com>

Hi Drew

Thanks for your email, and the acknowledgement of the resignations of our appointed Directors.

Whilst I see no particular merit in a prolonged email debate about the past, I do feel that your email requires a response insofar as your views and recollection on a number of things are clearly very different to ours. At the very least it is therefore worth my just making these points of different interpretation clear.

Before doing that, however, I want to respond to a couple of your opening points.

1. Directors. As it stands we do not propose to appoint any Directors as we feel that they do not have any influence or control in the current circumstances. Further, in the continued absence of an agreed funding plan in which we can participate, it is not reasonable for me to expect anyone to serve as a Non-Executive Director under those circumstances,

2. Your counterproposal. I do not disagree with your description of your counter proposal. My difficulty is that it ONLY acknowledges the investment of the founders and therefore ascribes no value to c$12m of FDC funds deployed to date, where as in contrast, our proposal ascribed a value of your debt of $1.50 for every $1 you have as a secured debt plus a dilution in your equity position from 32% to 25%. As discussed at length, the contrast of fair and reasonableness of our respective funding proposals is extreme! For you to ask that we start afresh in terms of our equity participation is obviously your right, as the holder of the secured debt, but in suggesting this you would know that this would simply not be attractive to us and is not an investment we would seriously consider.

In respect of the rest of your email, I would comment as follows:

1. I accept that you have not formally notified the company of default. You, as holder of that debt, have however made it clear in an email to us that you are aware that the debt is in default and that this position clearly aligns with your restructuring proposal. Given the seriousness of the funding situation we would only have expected you to notify us of this position on the basis that you were intending to formally notify us as part of your control and rejection of our very reasonable offer.

2. I absolutely cannot accept that we have been pleased with the Company's progress. Whilst progress against any shorter term objectives may or may not have been made, the fact remains that we - and of course yourselves too - have been hugely disappointed with overall progress and that this is the reason that we find ourselves in the position we do today.

3. I also cannot accept that we have failed to fulfil our obligations. On the contrary, I believe we have been hugely supportive in agreeing to continue funding for a period beyond the failure by you and the company to meet your obligations under the agreement as you didn't even meet the second agreed funding milestone. Despite this, FDC has provided a further $7m of funding that we were not obligated to provide. We did agree to document and formalise a revised funding arrangement that removed the milestones, but the continued lack of progress as we raised in Q4 of last year has meant that concerns as to the sense of this heightened through the very extended process of document preparation.

4. I accept that as of last week you have initiated steps to cut costs significantly, and this is very welcome and sensible. I do not believe that this has been done at the earliest opportunity and it has possibly been left too late. Let's not forget that we first suggested this in December 2016!

5. On reporting, I do not believe it reflects well on the business competence to expect us to provide basic reporting templates. These were provided only as a means to accelerate the production of information to fill the void of reporting, in a format that we found understandable and that would enable us to better monitor progress. The fact that we felt this was necessary merely underlines our often stated frustration with the quality, relevance and consistency of financial reports. Your comments about attendance at Board meetings by David is noted, but to be fair he has spent considerable time in Vancouver first quarterly, then increased to every other month in an effort to get closer to the business and a better understanding of the detail. This has been stopped only recently once we realised we needed to review the relationship at a higher level and in light of some very fundamental issues.

6. Clearly we agree that the Metro's progress is very slow. As I alluded to above, it was in acknowledgement of this that we agreed to continue funding on an 'as required' basis beyond the failure to achieve the second milestone. This does not, and never did, however, equate to an unconditional agreement to continue funding without any milestones or other conditions.

7. On the raising of capital, I agree we suggested we could and would be flexible on terms in the event an offer for funding was secured. Despite requesting, I have seen no evidence of your claim that it was going well, and my understanding was that no one had come forward with a proposal that could be considered further. It remains the case that securing a credible source of further funding would be something we would be supportive of and we would be happy to discuss terms were that appropriate.

8. With respect to the ability of FDC to fund DU, I cannot share your view. Whilst there have been economic issues between FDC and Neon, which I'm sure David and Gavin have rightfully shared with you, there has never been a lack of funding available for any portfolio company. FDC and Neon have always had the capital to fund DU, and continue to have the liquidity to do so today, the challenge has solely been the performance of the business and the economic merits of making further investments.

Drew, as I said at the outset, there is nothing much to be gained from debating these points from our emails in any detail. Our perceptions of what has gone before are obviously quite different, but the focus now must be on the future for the

Company either with or without our involvement. I am happy and available to talk at any time - but to be clear we are not interested in any funding proposal that gives no recognition of the significant investment we have made to date, and which does not provide us with a greater level of financial and operational control.

Best regards

Graham

On 12 Jul 2017, at 00:11, Drew Craig <drew@adtrackmedia.com> wrote:

Dear Gavin, David and Graham

We confirm receipt of your resignation letter dated July 10, 2017 regarding both of the Forward Dimension Capital's ("FDC") nominated directors in Digital Underground Media Inc. (the "Company"). As you are aware, FDC has the right to nominate two directors to the board of the Company. Please confirm your replacement directors under the unanimous shareholders' agreements, if any, as soon as possible.

As it relates to the proposal contained in your letter of June 19, 2017, we did not agree to the terms of your proposal and instead provided you with a counterproposal which articulates and acknowledges the meaningful investment by the founders and their resulting equity position and which provided FDC with a mechanism to complete a portion of their investment commitment in the Company alongside the priority position of the secured creditors. Your resignation letter and earlier proposal contain statements which do not accurately reflect the historical decisions made by FDC through its nominated directors on the Company's board . Accordingly, we feel we have no choice but to address what in our view is your effort to rewrite history.

Contrary to the assertions in the proposal and resignation letter, we provide the following:

- formal notification of any loan default has not yet been provided by the Company's secured lenders;
- It is the Company's view that until very recently the FDC nominated directors had continued to definitively confirm that they were pleased with the progress of the Company according to its revised business plan objectives;
- The failure of FDC to fulfill its obligations under the Investment and Subscription Agreement, as a result of the stated and reiterated FDC liquidity issues, has been the key factor in creating the challenges facing the Company. The FDC directors confirmed the existence of FDC's liquidity issues and, in the result, the lack of needed capital to be allocated to the Company to fund the Company's 2017 business plan (as approved by the full board after extensive discussion about objectives and milestones). This strangle on funding has hamstrung the Company's development and, in large part, prevented it from achieving its objectives;

- Capital constraints aside, until FDC stopped providing capital to fund the Company's business plan, the Company was on target to over achieve the 2017 Business Plan. Contrary to the statement in the resignation letter, management has and continues to effectively and immediately take steps to manage the Company's expenses, having cut its monthly expenses by over 65%.
- As Chairman, I note that David has been absent from most of the board meetings over the past several months, and that it took him over a year to provide the Company with what was described as the standard FDC financial reporting template. Once provided with the standard reporting template, Company management immediately started preparing and delivering the desired FDC reporting package on this requested format. In the absence of the noted template, it is my view that accurate and detailed financial reports were nevertheless provided to all directors on a timely basis with all information being sufficient for the directors to understand the financial position of the Company. Further, each meeting of the Board opens with a robust dialog regarding all aspects of the business including the financial results. I further note that in some instances during these meetings a line by line review of operational results was undertaken and that the FDC directors were an active part of these discussions, and provided positive affirmation of the progress of the Company. It is my strong view that management took the direction of the board and continued to evolve the operational objectives based on the board's inputs.

- We acknowledge that the Metro's that the Company has targeted have reacted in a slower than originally anticipated manner, but no less enthusiastically, and, as such, the FDC directors waived the original milestones set out in the SIA and definitively instructed the Company to continue with a strong targeted business development effort.
- It is further contrary to your comments that the Company did not take appropriate action to raise additional capital. This initiative was headed by myself, and I can confirm that the Board had approved certain amending documents to help facilitate such capital raising exercise. Furthermore, the FDC directors instructed the Company to raise $5 million on a $40 million (or possibly a lesser amount) pre money valuation with the existing equity of the Company converting to common shares on a 50/50 basis pre option pool. The funding discussion also included a confirmation from FDC's directors of FDC's commitment to fund the balance of the ~$8mm committed to fulfill the full $20mm contractual agreement. I can confirm that this initiative was undertaken and was progressing well until the Company received advice from FDC that it was not signing the amending documents. The Company subsequently paused further efforts to raise capital awaiting clarity on capital structure and the changed status of FDC's funding commitment.
- The Company has and continues to be well managed with a focus on creating real and meaningful value for its shareholders, and in my view was on a trajectory to do so within the ISA funding horizon.

We note and accept the resignations of both Gavin and David. In the absence of funding from FDC, the Company cannot assure any filings will be undertaken or that the business has an ability to continue in its current form as an operating concern. Please note additional funding was provided by JD Craig Holdings to the company by way of a secured note to meet its payroll and other obligations.

best regards,

Drew

--

adtrackmedia

Drew Craig | Executive Chair
Suite 320 - 321 Water St. Vancouver, BC, Canada, V6B 1A4
m +1(778) 918-1704
www.adtrackmedia.com

--

adtrackmedia

Drew Craig | Executive Chair
Suite 320 - 321 Water St. Vancouver, BC, Canada, V6B 1A4
m +1(778) 918-1704
www.adtrackmedia.com

M

Attached is **Exhibit "M"**

referred to in the

Affidavit of DREW CRAIG

sworn before me

this day of November, 2017

_____

Commissioner for taking Affidavits, etc

From: Graham Coxell <graham@forwarddimension.com>
Date: July 16, 2017 at 1:30:55 PM CDT
To: Drew Craig <drew@adtrackmedia.com>
Cc: Gavin Owston <gavin@forwarddimension.com>, David Rigby <david@forwarddimension.com>, Ken Bicknell <ken@adtrackmedia.com>
Subject: Re: DU Media Restructure

Dear Drew,

Thank you for your 'revised proposal.

In summary I believe you seem to be offering us a pre 'further debt/capital' diluted equity value of 15pence in the pound! This is based upon the fact that FDC effectively own the full equity value of the business after debt and your offer has moved from offering us no equity value for our $12m Canadian to 15%.
In contrast Drew, our proposal for funding offered you £1.50 in the £1.00 of value based upon the capital you have invested since our involvement. All this required of you is to convert your debt to the very same preference strip which we hold, thereby completely aligning the investors. Despite this increase in value we were offering for your debt conversion your equity was only diluting from 32% to 24%, so 8% rather than the 85% decrease your revised proposal offers us. If you choose to ignore our very reasonable offer which has a perfectly good funding proposal behind it and put the company into Administration then, as discussed Drew that is your decision and we can do nothing to stop you.
At a personal level I really am struggling to understand why you seem to want to put the company into administration rather than accepting our proposal whereby we would have all shareholders and investors in the company completely aligned.
Please may we request that you notify us when you appoint administrators so that we are able to share with them and the other debt/equity shareholders the details of our funding proposal which would stop the company effectively having to take this course of action

Graham

On 14 Jul 2017, at 17:20, Drew Craig <drew@adtrackmedia.com> wrote:

Dear Graham

To bridge the gap between us I thought it would be constructive to provide you with a revised restructuring plan for DU Media that addresses the concerns you have articulated, to the extent reasonably possible. As you are well aware, the company is effectively insolvent at this time. JDC Holdings has been meeting the immediate cash requirements of the company, including payroll by way of a secured loan, in the absence of any other funding option. Most critical for the company is to find a more stable source of capital to extend its runway to execute its plan. To that end, I have attempted in this proposal to address the points you have raised to get the two groups back on track and allow the company to move forward. Absent a consensus, the company will have no other option than to seek formal creditor protection measures immediately.

The following are revisions to the previously circulated plan that are intended to show our effort to bridge the issues you have raised:

- Recognition of the capital contribution of Forward - the company needs to either rely on its existing shareholders to provide capital or get itself in a position to quickly attract outside investors. I believe the original structure I put forward provides that opportunity. In order to recognize the capital injected thus far by Forward, it would receive 15% of the common equity of the company and be given the opportunity to participate in any future financings. Forward would also be encouraged to participate in the $4M secured note structure in whole or in part, with the potential to own north of 50% of the company.
- Governance - if Forward were to participate in the note it would have an opportunity to sit alongside JDC and any new investor/s who advance funds by way of secured debt, as part of the senior credit group. Additionally, it would have representation on the board of directors of the restructured group.
- Financial Controls - this has been articulated by you, Gavin, and David as a key issue for Forward. The company is prepared to offer that this function be moved to London and be handled by a Forward team member who is mutually agreeable to the shareholders. Of note, on this issue, there would be a cost for Mike Laitinen's severance that would need to be considered.
- Strategic plan - the parties would agree on a strategic plan from the outset to ensure that the objectives of the shareholders are aligned to create maximum value. I believe that there are meaningful opportunities to execute on this plan in the near term with the goal of positioning the company to either attract significant outside capital or explore liquidity options.

In summary, to acknowledge the investment to date and to gain the acceptance of Forward/Neon, the offer of a material carried interest in the company at 15% is to enable the company to carry on in its current form. Mutually exclusive to this base offer is the offer to participate in the go forward debt plan and gain the greater governance and operational controls you seek.

Due to the current insolvent state of the company and the need to move forward in one of the two paths available we must have your reply by end of business London time Tuesday July 21.

Sincerely,

Drew

--

Drew Craig | Executive Chair
Suite 320 - 321 Water St. Vancouver, BC, Canada, V6B 1A4
m +1(778) 918-1704
www.adtrackmedia.com

Begin forwarded message:

From: Graham Coxell <graham@forwarddimension.com>
Date: August 31, 2017 at 8:52:08 AM PDT
To: Drew Craig <drew@adtrackmedia.com>
Cc: Gavin Owston <gavin@forwarddimension.com>, David Rigby <david@forwarddimension.com>, Ken Bicknell <ken@adtrackmedia.com>, Simon Davies <simon@neon.com>
Subject: Re: final proposal

Hi Drew,

I don't believe I have received a reply to my questions posed below. I understand that Ken has since spoken to David Rigby and mentioned that you were still waiting for my response, but i have been expecting a reply from you to the questions I posed below.

We have spoken to a Canadian legal firm to understand the process you will need to go through ahead of any form of bankruptcy agreement and this would clearly be damaging to the business, arguably catastrophic given our global corporate relationships and various covenants on parent company guarantees. We are also deeply concerned that any form of insolvency flag will damage any chances of contract win through an OJEU process.

I look forward to hearing from you.

All the best,

Graham

On 1 Aug 2017, at 08:31, Graham Coxell <graham@forwarddimension.com> wrote:

Drew,

I'm now baffled I'm afraid!

My understanding in broad terms is as follows;

Current position
FDC = 60% plus normalised equity plus 12m Canadian Preference shares
JDC = 30% plus normalised equity plus 3m Canadian senior debt

Your proposal below states that FDC will be diluted to 15% which is offering us a quarter of what equity we have and 5% of the preference share so where is all the equity going?

Secondly, what are you personally guaranteeing to fund to massively improve your position as I am making an assumption it must be going to you?

I have never in my working history seen such a proposal! It is unique to decide to unilaterally dilute a majority shareholder without committing to a new funding proposal. I see your statement that you believe you can raise money, but your proposal doesn't seem to outline what you are guaranteeing personally to fund.

As we discussed Drew, if you want to do the right thing from a trust and integrity perspective then we would go out and raise the money and we would all then be diluted parri Passu as part of the negotiations to secure funding. However, you seem to want to massively improve your position at our expense without any commitment to fund. I hope I have mis understood this Drew and that you are personally guaranteeing the 4m Canadian funding in which case we can now all move on.

I look forward to receiving your written explanation on my questions posed to help with our understanding.

Graham

On 31 Jul 2017, at 20:46, Drew Craig <drew@adtrackmedia.com> wrote:

> Dear Graham,
>
> Thanks for taking the time to speak last Wednesday. I felt it was constructive and I took away from the discussion that we both want to find a practical solution to allow the company to move forward in some form. I indicated on the call that I would attempt to come back to you with a proposal that recognizing both the senior debt position of JDC and the capital FDC has injected in the company to date.

Importantly, it is critical to have a go forward plan that allows the enterprise to attract outside capital regardless of whether or not FDC or JDC participates.

It is my belief we now need to separate the discussion concerning the future of the company into two parts: The first being to agree on a restructuring that allows the current entity, Digital Underground Media Inc. ("DUM Inc."), to continue on, and then, secondly, for the restructured DUM Inc. to present a financing plan on the terms we discussed which will also address management and directorship changes, if appropriate. I do not believe we can accomplish both at the same time and, as such, we need to focus on the first step now as the company is frozen in its current state and will not survive much longer. We can turn to the second stage after we have stabilized the company and the cost savings have all taken hold.

I would propose the following structure to enable the company to continue on and allow for a similar structure to what is currently in place:

- FDC would be issued a $5M preference share position behind the senior debt. The preference shares would convert to 5% of the common shares on a valuation north of $60M CDN. or a go public event.
- FDC would, in addition to the preference shares, be issued 15% of common shares of the company in consideration for its contribution to date which would not be diluted upon conversion of the debt to equity referred to below (with the one exception of any conversion arising from the pool available to management and other employees eligible as part of an employee share option pool "ESOP")..

Based on our discussion, I am hopeful that by virtue of this enhanced offer you will recognize that this is a sincere effort on my part to meet your needs as it provides FDC with the potential to ultimately receive a return on its investment, and, at a minimum, for any distribution in excess of the debt repayment, FDC is next in line for the $5mm. It is my belief, as I note below, that Ken and his remaining core team have built a plan that is deliverable with the targeted $4mm sought in additional debt (detailed below). This is my sincere effort and attempt to position FDC to realize on the financial support it has provided to date and to structure the enterprise, given its current financial state, to raise additional capital.

With this revised structure, the company would then be able to actively raise additional new capital on generally the following terms:

- New capital in the amount of $4M CDN would come into the enterprise in the form of senior debt alongside JDC/DUM Holdings on a pari passu basis. The note would essentially reflect to terms of the existing JDC note with the exception being that the interest would PIK until the company has the means to do otherwise. The senior debt holders would have the option to convert into 85% of the common equity in the company.

Given the efforts by Ken and the core team that have been undertaken and the significant reductions in head office and other costs that have been implemented, the company is of the view an additional $4M of debt capital would give the company a 24 month runway to turn itself around and put in place additional revenue generating contracts, during which time we believe significant shareholder value can be created and additional capital could be attracted without onerous dilution beyond the above, and/or a liquidity event could be achieved. FDC would be offered the opportunity to participate in the $4M note to the extent it is interested.

At this point we are seeking your support to enable DUM Inc. to survive. I would appreciate your response by end business Wednesday otherwise JDC Holdings will have no choice but to take alternative action.

best regards,
Drew

--

Drew Craig | Executive Chair
Suite 320 - 321 Water St. Vancouver, BC, Canada, V6B 1A4
m +1(778) 918-1704
www.adtrackmedia.com

N

Attached is **Exhibit "N"**

referred to in the

Affidavit of DREW CRAIG

sworn before me

this day of November, 2017

_____

Commissioner for taking Affidavits, etc

Promissory Note
(this "Note")

Borrower: Digital Underground Media Inc. of Vancouver BC (the "Borrower")

Lender: J.D. Craig Holdings Inc. of West Vancouver BC (the "Lender")

Principal Amount:
The Lender will advance funds to the Borrower on an as need basis at the full discretion of the Lender and this document will be updated as each advance is received by the Borrower.

Amounts Advanced:

Details	Date	Amount
Advance to Borrower	July 10, 2017	$44,167.00 CAD
Advance to Borrower	July 25, 2017	$50,000 CAD
Advance to Borrower	July 31, 2017	$,7,010.03 CAD
Advance to Borrower	September 8, 2017	$164,675.00
Total Principal Owing		$265,852.13CAD

1. **FOR VALUE RECEIVED**, The Borrower promises to pay the lender the principal sum of "Total Principal Owing" noted in the table above, with interest payable on the unpaid principal at the rate of 20.00 percent per annum, compounded monthly not in advance. Interest calculation beginning from the date of the "Advance to Borrower" noted in the table above, calculated separately for each advance. Interest

2. This Note is repayable within 14 day(s) of the Lender providing the Borrower with written notice of demand.

3. At any time while not in default under this Note, the Borrower may pay the outstanding balance then owing under this Note to the Lender without further bonus or penalty.

4. All costs, expenses and expenditures including, and without limitation, the complete legal costs incurred by the Lender in enforcing this Note as a result of any default by the Borrower, will be added to the principal then outstanding and will immediately be paid by the Borrower.

5. This Note is secured by the following security (the "Security"):

    a. General Security Agreement over all assets of Digital Underground Media Inc.

6. The Borrower grants to the Lender a security interest in the Security until this Note is paid in full. The Lender will be listed as a lender on the title of the security whether or not the Lender elects to perfect the security interest in the Security.

7. If the Borrower defaults in payment after demand for ten (10) days, the Security will be immediately provided to the Lender and the Lender is granted all rights of repossession as a secured party.

8. If any term, covenant, condition or provision of the Note is held by a court of competent jurisdiction to be invalid, void or unenforceable, it is the parties intent that such provision be reduced in scope by the court only to the extent deemed necessary by that court to render the provision reasonable and enforceable and the remainder of the provisions of this Note will in no way be affected, impaired or invalidated as a result.

9. This Note will be construed in accordance with and governed by the laws of the Province of British Columbia.

10. This Note will enure to the benefit of and be binding upon the respective heirs, administrators, successors and assigns of the Borrower and the Lender. The Borrower waives the presentment for payment, notice of non-payment, protest and notice of protest.

IN WITNESS WHEROF the Borrower has duly affixed its signature by a duly authorized office under the seal on this ___15th_____ day of _____September__, 2017.

SIGNED, SEALED and DELIVERED
this _____15th_____ day of __September__, 2017.

DIGITAL UNDERGROUND MEDIA INC.

Per _____ (seal)
Oswald Kenneth Bicknell, President and CEO

O

Attached is **Exhibit "O"**

referred to in the

Affidavit of DREW CRAIG

sworn before me

this day of November, 2017

_____

Commissioner for taking Affidavits, etc

30922154.1

MNP LTD

September 29, 2017

Forward Dimension Capital 1 LLP,
44 Great Marlborough Street,
London United Kingdom W1F 7JL

Dear Mr. Coxell

Attention: Graham Coxell

Re: In the Matter of the Notice of Intention to Make a Proposal filed by Digital Underground Media Inc. ("DUM" or the "Company")

Please take notice that on September 21, 2017, DUM filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to s.50.4(1) of the *Bankruptcy and Insolvency Act (Canada)*("**BIA**"). Please find enclosed the following:

1. The NOI, filed on September 21, 2017;
2. A list of the names of the known creditors with claims of $250 or more and the amounts of their claims;
3. The consent of the Trustee to act in this matter; and
4. The Certificate of Filing.

Please note this is not a bankruptcy, but rather protection has been sought under the BIA pending the filing of a proposal to creditors.

Pursuant to the BIA:

- All proceedings by creditors are stayed (stopped) as of September 21, 2017;
- The Company is required to file a Proposal within 30 days of filing the NOI, subject to an extension from the Court; and
- A meeting of creditors to consider the Proposal is to be held within 21 days of the filing of a Proposal, and notice of the meeting will be sent to all known creditors at least 10 days prior to the date of the meeting.

All documents relating to this Estate are located on our website, which will be updated throughout the administration of this Estate. The website address is http://mnpdebt.ca/en/corporate/Engagements.

The Trustee understands that the Proposal will provide for the cancellation of all existing and outstanding shares and warrants from the Company.

If you have any questions concerning the foregoing or require any additional information please contact Jessie Hue at 416-515-5006 or by email at Jessie.Hue@mnp.ca.

Yours truly,

MNP LTD.
Trustee acting *in re*: the Proposal of
Digital Underground Media Inc.
Per:

Sheldon Title, CPA, CA, CIRP, LIT

Encl

c.c. Norton Rose Fulbright Canada LLP
Attention: Eric Reither (via email eric.reither@nortonrosefulbright.com)

District of:
Division No.
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Digital Underground Media Inc.
A Company Incorporated Pursuant to the Laws of the Province
Of Ontario, with a Head Office in the City of Vancouver,
In the Province of British Columbia

Take notice that:

1. We, Digital Underground Media Inc., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that we intend to make a proposal to our creditors.

2. MNP LTD. of 300 - 111 Richmond Street West, Toronto, ON, M5H 2G4, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.

3. A list of the names of the known creditors with claims of $250 or more and the amounts of their claims is also attached.

4. Pursuant to section 69 of the Act, all proceedings against us are stayed as of the date of filing of this notice with the official receiver in our locality.

Dated at the City of Toronto in the Province of Ontario, this 20th day of September 2017.

Digital Underground Media Inc.
Insolvent Person

To be completed by Official Receiver:

Filing Date

Official Receiver

District of:
Division No. -
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Digital Underground Media Inc.
of the City of Vancouver
in the Province of British Columbia

List of Creditors with claims of $250 or more.

Creditor	Address	Account#	Claim Amount
Ade & Company Inc	2157 Henderson Hwy Winnipeg MB R2G 1P9 CA		584.00
Beacon Securities Limited	66 Wellington Street West | Suite 4050, TD Tower Toronto ON M5K 1H1 CA		157,500.00
Best Best Krieger LLP	3390 University Avenue Riverside CA 92501 USA		380.58
David Chae	102-704 Yeoungtong e-Pyeonhansesang Apt 239 Yeongtong-ro, 200 Bengal, Yeontong-gu, Suwon-si, Gyeonggi-do Korea		250,000.00
Denise Cooper	186 St. George Street, Suite 200 Toronto ON M5R 2N3 CA		14,604.00
DUM Holdings Inc.	Suite 1600, 1 First Canadian Place, 100 King Street West Toronto ON M5X 1G5 CA		528,291.47
Ernst & Young	700 W Georgia St Vancouver BC V7Y 1C7 CA		42,000.00
Gowlings WLG	Suite 1600, 1 First Canadian Place, 100 King Street West Toronto ON M5X 1G5 CA		31,684.00
Innovex	3,Cheongmyeongnam-ro, Yeongtong-gu Suwon-si, Gyeonggi-do Korea		90,000.00
JD Craig Holdings Inc	4280 Rockridge Road West Vancouver BC V7W 1A5 CA		2,816,031.78
Neil East Sound Broadcasting Ltd. (SBL)	1A - 1455 Waverley Street Winnipeg MB R3T 0P7 CA		15,680.00
Palms Creative Inc	205 - 309 W Cordova St. Vancouver BC V6B 1E5 CA		7,875.00
Piasetzki Nenniger Kvas LLP	120 Adelaide St W Suite 2308 Toronto ON M5H 1T1 CA		423.00

District of:
Division No. -
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Digital Underground Media Inc.
of the City of Vancouver
in the Province of British Columbia

List of Creditors with claims of $250 or more.			
Creditor	Address	Account#	Claim Amount
Stambol Studios Inc.	104 - 1309 West 14th Ave Vancouver BC V6H 1R2 CA		7,245.00
Stantec Consulting Ltd.	c/o Lockbox 310260, PO BOX 578, STN M Calgary AB T2P 2J2 CA		10,061.00
Tomik2 inc.	62 Wendover Road Toronto ON M8X 2L3 CA		9,722.00
Vilarreal Garcia	Torre Sofia | Ricardo Margáin 440-701 Valle del Campestre, San Pedro Garza Garcia, N.L 66265 Mexico		13,600.77
Waterford Partners	350-1 First Canadian Place Toronto Board of Trade Tower Toronto ON M5X 1C1 CA		7,350.00
Total			4,003,032.60

Digital Underground Media Inc.
Insolvent Person

- Proposal Consent -

In the matter of the proposal of
Digital Underground Media Inc.
a Company Incorporated Pursuant to the Laws of the Province of Ontario
with a Head Office in the City of Vancouver, in the Province of British Columbia

To whom it may concern,

This is to advise that we hereby consent to act as trustee under the Bankruptcy and Insolvency Act for the proposal of Digital Underground Media Inc..

Dated at the City of Toronto in the Province of Ontario, this 21st day of September 2017.

MNP LTD. - Licensed Insolvency Trustee

300 - 111 Richmond Street West
Toronto ON M5H 2G4
Phone: (416) 596-1711 Fax: (416) 323-5242

Industry Canada | Industrie Canada

Office of the Superintendent of Bankruptcy Canada | **Bureau du surintendant des faillites Canada**

District of Ontario
Division No. 09 - Toronto
Court No. 31-2295766
Estate No. 31-2295766

In the Matter of the Notice of Intention to make a proposal of:

Digital Underground Media Inc.
Insolvent Person

MNP LTD / MNP LTÉE
Licensed Insolvency Trustee

Date of the Notice of Intention: September 21, 2017

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforenamed insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act.*

Pursuant to subsection 69(1) of the Act, all proceedings against the aforenamed insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: September 22, 2017, 09:25

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

P

Attached is **Exhibit "P"**

referred to in the

Affidavit of DREW CRAIG

sworn before me

this day of November, 2017

_____

Commissioner for taking Affidavits, etc

On Wed, Oct 4, 2017 at 7:29 AM, Graham Coxell <graham@forwarddimension.com> wrote:
Hi Drew,

How are you?
I'm conscious that I wasn't able to take your call from a couple of days ago!
I wonder if we can book a time to speak, I have copied in Lydia my PA to see if we can get a mutually agreeable time
Kind regards

Graham

--

adtrackmedia

Drew Craig | Executive Chair
Suite 320 - 321 Water St. Vancouver, BC, Canada, V6B 1A4
m +1(778) 918-1704
www.adtrackmedia.com

Q

Attached is **Exhibit "Q"**

referred to in the

Affidavit of DREW CRAIG

sworn before me

this day of November, 2017

_____

Commissioner for taking Affidavits, etc

Miranda Spence

From: Miranda Spence
Sent: October-30-17 3:47 PM
To: Armstrong, Christopher
Cc: 'aharmes@goodmans.ca'; 'jwadden@goodmans.ca'; sheldon.title@mnp.ca; gphoenix@loonix.com; Steve Graff
Subject: Digital Underground - docs for Chris Armstrong
Attachments: Forbearance Agreement (executed).pdf; General Security Agreement - JD Craig_Digital Underground (executed).pdf; Resolution - DUM re DIP (fully executed).pdf; Executed Directors_ Resolution re NOI.pdf; DIP Loan Agreement (DUM) (fully executed).pdf; General Security Agreement (DUM) (DIP Loan) (executed).pdf; Directors_ Resolution re Proposal (fully executed).pdf; Loan Agreement (7677189) - October 17, 2017 (executed).pdf; Subscription Agreement (7677189) - October 17, 2017 (executed).pdf; General Security Agreement - October 17, 2017 (executed).pdf; Director_s Resolution - October 17, 2017 (executed).pdf; Subscription Agreement - JD Craig - October 17, 2017 (executed).pdf

Chris,

Attached are the documents requested in your letter dated October 26, 2017.

Please note that the Directors' Resolution with regard to the Proposal authorizes Drew Craig to sign documents relating to the Proposal, as Ken Bicknell was out of the country on the date that the Proposal was finalized and signed. Ken Bicknell was the representative of the Company who attended at the Meeting of Creditors, and accordingly he signed the Amended Proposal that was tabled at that meeting, after consulting by telephone with the only other director of the Company (Drew Craig).

Regards,

Miranda Spence

T **416.865.3414**
F **416.863.1515**
E mspence@airdberlis.com

Aird & Berlis LLP | Lawyers
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Canada M5J 2T9 | airdberlis.com

2

District of Ontario
Division No. 09 -Toronto
Court File No. 31-2295766
Estate No. 31-2295766

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE PROPOSAL OF DIGITAL UNDERGROUND MEDIA INC., A COMPANY INCORPORATED PURSUANT TO THE LAWS OF THE PROVINCE OF ONTARIO, WITH A HEAD OFFICE IN THE CITY OF VANCOUVER, IN THE PROVINCE OF BRITISH COLUMBIA

UNDERTAKINGS GIVEN DURING THE EXAMINATION OF DREW CRAIG HELD NOVEMBER 9, 2017

No.	Undertakings	Response
1.	To advise who the current shareholders of Digital Underground Media Inc. (the "Company") are.	JD Craig Holdings Inc., DUM Holdings Inc., Ken Bicknell, 6789502 Manitoba Ltd., Oliver Plett, Bicknell Family Trust, Michael Laitenen, Paul East, Toyotaro Tokimoto, Gyun Chae, Forward Dimension Capital 1 LLP ("FDC").
2.	To advise who the directors of DUM Holdings Inc. are.	Ken Bicknell and Drew Craig.
3.	To advise who the officers of DUM Holdings Inc. are.	Drew Craig.
4.	To provide evidence of the June 2017 payment from FDC.	See attached.
5.	To produce the amended shareholders agreement with FDC providing for revised milestones.	See attached. In addition to the First Amendment to the SIA and the First Amendment to the USA, we have included related documents which were to be executed alongside those documents. We have also enclosed an email from Gavin Owston dated December 16, 2016, approving the form of board resolution that authorized the amendments to the SIA and the USA.

No.	Undertakings	Response
6.	To advise whether the Company confirmed the information contained in the Trustee's reports, and which reports.	The Company reviewed and confirmed the information contained in the First Report of the Trustee dated September 22, 2017, and the Report of Trustee to the Creditors dated October 6, 2017 (enclosed with the Notice of Proposal to Creditors) (the "Report to Creditors"). The Company did not review or provide comments on the Report of Trustee on Proposal dated November 2, 2017 (filed in support of the motion to approval the proposal).
7.	To produce a summary of the intellectual property appraisal provided by MNP Ltd.	MNP Ltd. did not prepare an appraisal of the Company's intellectual property, as noted at Note 5 on page 10 of the Report to Creditors. As part of the Trustee's investigations into the marketplace in which the Company operates, Sheldon Title and Ken Bicknell discussed the Company's acquisition of Sidetrack Technologies Inc. ("Sidetrack") in January 2011, which included some reference to the value of Sidetrack's assets at that time. This exchange is what Drew Craig was referring to when he suggested that MNP Ltd. had conducted an appraisal of the Company's intellectual property.

UNDER ADVISEMENTS GIVEN DURING THE EXAMINATION OF DREW CRAIG HELD NOVEMBER 9 2017

No.	Under Advisements	Response
1.	To produce any reporting from MNP Ltd. regarding the status of the company prior to the filing of the NOI.	MNP Ltd. did not prepare any formal reporting on this issue.
2.	To produce any reporting from MNP Ltd. regarding the decision to file a proposal rather than appoint a receiver.	MNP Ltd. was not asked to opine on this issue.
3.	To produce a description of the intellectual property the Company was considering purchasing.	The Company was engaged in a patent dispute with a competitor, Spectrum Motion Media, Ltd., and its related company, Motion LED. As part of this dispute, Spectrum asserted that the Company's intellectual property infringed upon patents held by Spectrum. The parties settled their dispute in May 2014. In the first half of 2017, Spectrum and Motion LED offered to sell to the Company Motion LED's intellectual property, along with the right to cancel the ongoing settlement agreements, for CDN$150,000. FDC's board representatives initially approved this acquisition, but ultimately did not advance the capital required, and the deal was not completed. The Company considered this offer relevant to estimating the realization value of its intellectual property at $100,000.

REFUSALS GIVEN DURING THE EXAMINATION OF DREW CRAIG HELD NOVEMBER 9, 2017

No.	Refusals	Response
1.	To advise why the forbearance agreement includes a release.	The release is a standard paragraph of the precedent forbearance agreement used. There was no specific reason for its inclusion.

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
Suite 1800, Box 754
181 Bay Street
Toronto, ON M5J 2T9

Steven L. Graff (LSUC # 31871V)
Tel: 416.865.7726
Fax: 416.863.1515
Email: sgraff@airdberlis.com

Miranda Spence (LSUC # 60621M)
Tel: 416.865.3414
Fax: 416.863.1515
Email: mspence@airdberlis.com

Lawyers for Digital Underground Media Inc.

A

HSBC

HSBC Business

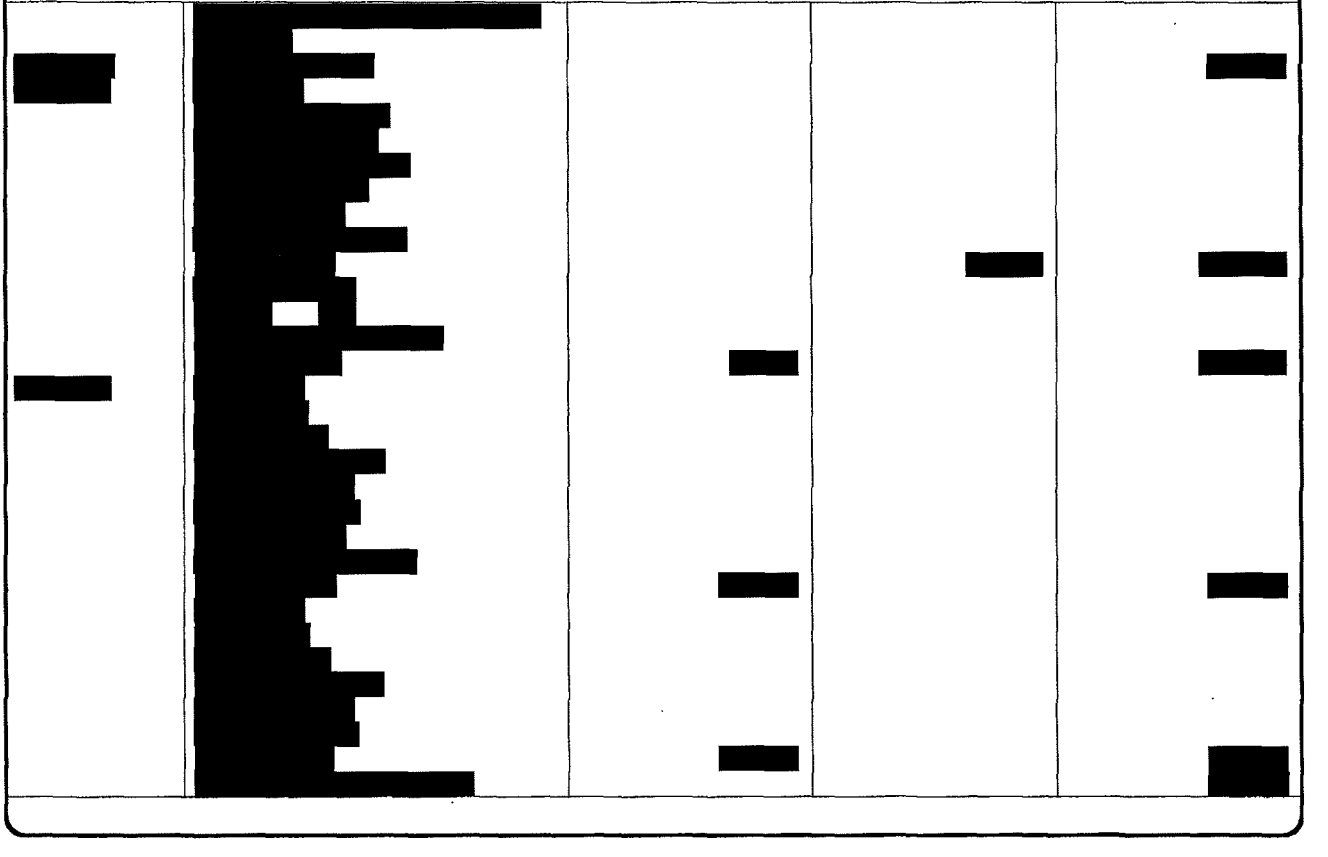
HSBC BANK CANADA
885 WEST GEORGIA ST.
VANCOUVER,BC V6C 3G1 604-685-1000

DIGITAL UNDERGROUND MEDIA INC.
320-321 WATER ST
VANCOUVER BC V6B 1B8

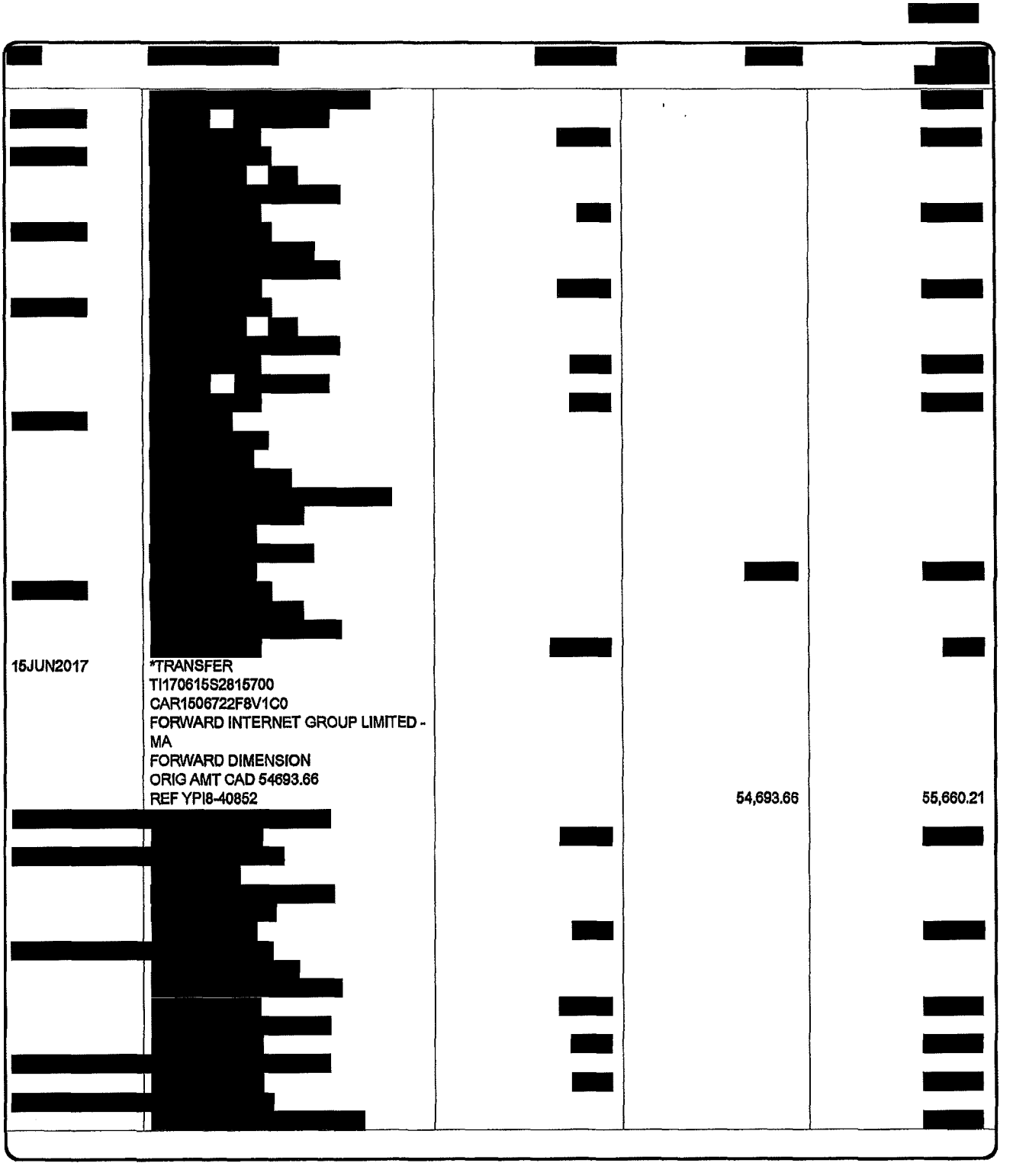
Statement Details	
Statement Date	30JUN2017
Account Number	[redacted]
Currency	CAD
Account Name	CURRENT ACCOUNT

HOLD - RETURNED MAIL

Date	Transaction Details	Withdrawals	Deposits	Balance (DR=Debit)



Please check this statement and advise immediately of any error or change of address.
Personal: 1-888-310-HSBC (4722)
Business: 1-866-808-HSBC (4722)
HSBC Premier: 1-866-233-3838 (Canada & US) or 1-604-216-8800 (elsewhere)



15JUN2017	*TRANSFER TI170615S2815700 CAR1506722F8V1C0 FORWARD INTERNET GROUP LIMITED - MA FORWARD DIMENSION ORIG AMT CAD 54693.66 REF YPI8-40852		54,693.66	55,660.21

Please check this statement and advise immediately of any error or change of address.
Personal: 1-888-310-HSBC (4722)
Business: 1-866-808-HSBC (4722)
HSBC Premier: 1-866-233-3838 (Canada & US) or 1-604-216-8800 (elsewhere)

HSBC

HSBC Business

DIGITAL UNDERGROUND MEDIA INC.
320-321 WATER ST
VANCOUVER BC V6B 1B8

HSBC BANK CANADA
885 WEST GEORGIA ST.
VANCOUVER,BC V6C 3G1 604-685-1000

Page 3 of 4

Account Number: 020-159609-001

Date	Transaction Details	Withdrawals	Deposits	Balance (DR=Debit)
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Withdrawals Deposits	[redacted]	As of Balance		[redacted]
[redacted]				

Under the terms of your account agreement with us, if you do not notify us within 30 days of the date of this statement of any errors or objections you have to its contents, you are deemed to have agreed that all transactions shown are valid, all charged amounts were properly charged to you and there are no monies or securities owing to you not shown in the statement.

***** END OF STATEMENT *****

B

ORDINARY RESOLUTION OF THE BOARD OF DIRECTORS

OF DIGITAL UNDERGROUND INC.

AMENDMENTS TO THE TERMS OF THE EMPLOYEE STOCK OPTION PLAN

The Directors recall that 203,658 options relating to Class B common shares were granted to various members of the DU senior management team on 27th July 2015. It has been agreed between the Directors to amend the following terms of these options:

1. The Option Exercise Price of the fourth quarter and therefore final tranche of options granted is to be amended from $51.99 to $34.66 per option. This reflects a change in the target valuation of DU for this tranche of options from $60mn (as derived by applying a 10x multiple to the previous vesting hurdle of a run rate EBITDA of $6mn) to $40mn (as derived by the book value of DU represented by FDC investing $20mn to obtain a 50% ownership interest)

2. The Vesting of Options as per clause 4.5.1 in the previous Stock Option Plan is to be amended to read as follows:

   "4.5.1 ....an Option will vest and become exercisable as to one-quarter (25%) of the Class B Common Shares issuable under the Option upon occurrence of each of the following:

   4.5.1.1 the grant date (the parties understand this has already taken place on 27/07/15);

   4.5.1.2 the time when FDC commits a total of $10mn of equity funding to DU (the parties understand this funding has already been committed on 16/09/16);

   4.5.1.3 the time when FDC commits a total of $15mn of equity funding to DU;

   4.5.1.4 the time when FDC commits a total of $20mn of equity funding to DU.

General

RESOLVED AS AN ORDINARY RESOLUTION THAT any director or officer of the Corporation is authorized and directed, for and on behalf of the Corporation, to take all steps and execute all documents as may be necessary or desirable for the purpose of giving effect to these resolutions.

These resolutions are consented to by all directors of the Corporation, pursuant to section 129 of the *Business Corporations Act* (Ontario), as evidenced by the signatories below.

DATED the XX day of September, 2016

Ken Bicknell

Drew Craig

Gavin Owston

David Rigby

30909661.1

C

DIGITAL UNDERGROUND MEDIA INC.

FIRST AMENDMENT TO

SUBSCRIPTION & INVESTMENT AGREEMENT

Dated as of the ____ day of _____, 2016

FIRST AMENDMENT TO SUBSCRIPTION & INVESTMENT AGREEMENT

THIS AMENDING AGREEMENT is made as of the ____ day of _____, 2016

AMONG: **DIGITAL UNDERGROUND MEDIA INC.**, a corporation constituted under the laws of Ontario, having its principal place of business at 219-255 West 1st Street, North Vancouver, British Columbia V7M 3G8 herein acting and represented by Ken Bicknell, duly authorized for the purposes hereof as he so declares

("**Corporation**")

AND: **FORWARD DIMENSION CAPITAL 1 LLP** a limited liability partnership registered in England and Wales with registration number OC399433, having its principal place of business at 44 Great Marlborough Street, London, United Kingdom, W1F 7JL, herein acting and represented by Robert Murphy, duly authorized for the purposes hereof as he so declares

(the "**Investor**")

AND: **DREW CRAIG**, individual residing at 4280 Rockridge Road, West Vancouver, British Columbia, Canada

("**Craig**")

AND: **KEN BICKNELL**, individual residing at 3965 Westridge Avenue, West Vancouver, British Columbia, Canada

("**Bicknell**", and together with Craig, the **"Guarantors**")

RECITALS

WHEREAS by a Subscription and Investment Agreement entered into on 27th July 2015 between the Investor, the Corporation and the Guarantors (the "**SIA**") the Investor subscribed for, and the Corporation issued Class A Common Shares in the capital of the Corporation;

AND WHEREAS the Investor has contributed a total of $10,000,000 into the Corporation, being made up of $5,000,000 contributed upon signing SIA on 27th July 2017, and a further $5,000,000 under the Class A Common Share Contribution Amount notwithstanding that neither the First Funding Milestone nor the Second Funding Milestone have been achieved.

AND WHEREAS the parties hereto have agreed to amend certain terms of the SIA as set out herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants contained herein and other good and valuable consideration (the receipt and sufficiency of which are hereby irrevocably acknowledged), the parties hereto agree as follows:

1. INTERPRETATION

1.1 Definitions

Clause 1.1 of the SIA shall apply to this Agreement as if set out in full herein.

1.1.1 "**2016 Business Plan**" (in this Agreement and in the SIA) means the "2016 business plan" of the Corporation attached in Schedule "L".

1.1.2 "**2017 Business Plan**" (in this Agreement and in the SIA) means the Business Plan of the Corporation for the 2017 financial year as adopted and approved by the board of directors of the Corporation.

1.2 Schedules

The following Schedule is incorporated into and forms part of the SIA:

Schedule "L" [2016 Business Plan]

1.3 Headings

The headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation hereof.

1.4 Extended Meanings

Words in the singular include the plural and vice-versa and words in one gender include all genders.

1.5 Invalidity

If any of the provisions contained in this Agreement are found by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not be in any way affected or impaired thereby.

1.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein (excluding any conflict of laws rule or principles that might refer such construction to the laws of another jurisdiction). Subject to Article 7, the parties hereto hereby submit to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.7 Currency

Except as otherwise expressly provided in this Agreement, all dollar amounts referred to in this Agreement are stated in the lawful currency of Canada.

1.8 Statutes and Agreements

Unless otherwise indicated, all references in this Agreement to any statute mean such statute as amended, re-enacted or replaced from time to time, and include all rules and regulations promulgated thereunder and all references herein to any agreement or instrument mean such agreement or instrument as amended, modified, varied, restated or replaced from time to time with the written agreement of the parties thereto.

1.9 Accounting Terms

All accounting and financial terms and references not defined in this Agreement are to be interpreted in accordance with GAAP.

1.10 Business Days

In the event that any act is required to be done, any notice is required hereunder to be given, or any period of time is to expire on any day that is not a Business Day, such act shall be required to be done or notice shall be required to be given or time shall expire on the next succeeding Business Day.

2. Amendment of the SIA

2.1 Deferred Financing Obligation

2.1.1 Article 3.2 of the SIA is hereby deleted in its entirety and replaced with the following:

"3.2 Funding Milestone Schedule

a) Subject to Section 3.2 b), the Investor shall pay the **Class A Common Share Contribution Amount** up to a maximum of $15,000,000 (including the sum of $5,000,000, paid prior to the date of this amendment), to the Corporation as follows:

i) Commencing from the calendar quarter July to September 2016, an amount equal to the operating losses of the Corporation (excluding capital expenditure) as set out in the 2016 Business Plan and 2017 Business Plan, payable in advance of the relevant calendar quarter or on a monthly basis as the parties agree; and

ii) Further amounts to be applied to capital expenditures subject to the approval of the board of directors of the Corporation including at least one director appointed by the Investor.

b) Notwithstanding Section 3.2 a) the Investor may at any time, upon five (5) Business Days' notice to the Corporation elect to pay all or any part of the Class A Common Share Contribution Amount which amount following such voluntary payment shall reduce the amount payable in respect of the amount of any further installment by the amount of such payment.

c) Upon any Class A Common Share Contribution Amount being payable in accordance with Article 3.2 a) the Corporation shall notify the Investor (the "**Funding Notice**").

d) Subject to Section 2.1.1b), the closing of the installments contemplated in this Section 3.2 will occur on a date determined by the Investor which shall be no later than the tenth Business Day following the date of the Funding Notice and in the case of instalments in accordance with Article 3.2 a) i) no earlier than ten Business Days prior to the start of the relevant calendar quarter."

2.1.2 All other terms of the SIA shall continue to have full force and effect.

[SIGNATURES APPEAR ON NEXT PAGE]

TO WITNESS their agreement, the parties have duly executed this Agreement on the date first written above.

DIGITAL UNDERGROUND MEDIA INC.

Per: _____
Name:
Title:

FORWARD DIMENSION CAPITAL 1 LLP

Per: _____
Name:
Title:

_____	_____
Witness	**Drew Craig**
_____	_____
Witness	**Ken Bicknell**

SCHEDULE "L"
2016 BUSINESS PLAN

30909662.1

D

Dated _____, 2016

DIGITAL UNDERGROUND MEDIA INC.

FIRST AMENDMENT TO UNANIMOUS SHAREHOLDERS AGREEMENT

NORTON ROSE FULBRIGHT

Contents

Section **Page**

THIS FIRST AMENDMENT TO THE UNANIMOUS SHAREHOLDERS AGREEMENT is dated _____, 2016, and made between:

(1) **DIGITAL UNDERGROUND MEDIA INC.**, a corporation existing under the laws of Ontario (the **Corporation**);

(2) **FORWARD DIMENSION CAPITAL 1 LLP**, a limited liability partnership registered in England and Wales with registration number OC399433 (**Forward**);

(3) **J.D. CRAIG HOLDINGS INC.**, a corporation existing under the laws of Ontario (**J.D. Craig Holdings**);

(4) **KENNETH BICKNELL**, an individual resident in British Columbia (**Bicknell**);

(5) **THE BICKNELL FAMILY TRUST**, a trust existing under the laws of Manitoba and represented by its sole trustee Bicknell (**Bicknell Trust**);

(6) **MICHAEL LAITINEN**, an individual resident in British Columbia (**Laitinen**);and

(7) **DREW CRAIG**, an individual resident in British Columbia (**Craig**).

[NOTE – FINAL PARTIES REQUIRED TBD]

RECITALS:

(A) The Parties entered into an Agreement between themselves and other parties specified therein (the "**USA**") on 27th July 2015 for the purpose of setting out, *inter alia*, the manner in which the business and affairs of the Corporation is to be conducted, the manner in which the Corporation is to be financed and the respective rights and obligations of the Parties arising out of, or in connection with, the ownership of Shares;

(B) The Parties have agreed to amend the USA as set out herein; and

(C) In accordance with Article 14.7 of the USA the USA may be amended by an Extraordinary Resolution of the Board together with the written approval of Shareholders holding an aggregate Shareholder Proportionate Interest of at least $66^{2/3}$ %

(D) The Board has approved the amendment of the USA as set out in Article 2 of this Agreement by an Extraordinary Resolution.

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are acknowledged), the Parties agree as follows:

Article 1 - Interpretation

1.1 Definitions

In this Agreement, the Definitions set out in Article 1.1 of the USA shall apply to all capitalised terms used herein.

1.2 Headings etc.

The inclusion of a table of contents, the division of this Agreement into articles and sections and the insertion of headings are for convenient reference only and do not affect and should not be used in the construction or interpretation of this Agreement.

1.3 No Presumption

The Parties and their counsel have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or a question of intent or interpretation arises, this Agreement is to be construed as if drafted jointly by the Parties. No presumption or burden of proof should arise in favour of any Party by virtue of the authorship of any provision of this Agreement.

1.4 Governing Law

(a) This Agreement is governed by and is to be interpreted, construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to conflict of law principles.

(b) Subject to the dispute resolution provisions of this Agreement, each of the Parties irrevocably attorns and submits to the exclusive jurisdiction of the courts of Ontario in any action or proceeding arising out of or relating to this Agreement. Each of the Parties waives objection to the venue of any action or proceeding in such court or any argument that such court provides an inconvenient forum.

Article 2 – Amendment of USA

2.1 Deletion of Article 3.6 of the USA "Forward Management Event"

The Parties, being the holders of aggregate Shareholder Proportionate Interests of at least $66^{2/3}$ %, hereby agree that the USA shall be amended by the deletion of Article 3.6 in its entirety.

Article 3- Miscellaneous

3.1 Third Party Beneficiaries

Except as otherwise expressly provided in this Agreement, the Parties do not intend that this Agreement benefit or create any legal or equitable right, remedy or cause of action in, or on behalf of, any Person other than a Party and no Person, other than a Party, is entitled to rely on the provisions of this Agreement in any proceeding.

3.2 Expenses

Except as otherwise expressly provided in this Agreement, all costs and expenses (including the fees and disbursements of legal counsel, investment advisers and accountants) incurred in connection with this Agreement and the transactions contemplated in this Agreement shall be paid by the Party incurring such expenses.

3.3 Amendments

This Agreement may only be amended, supplemented or otherwise modified by Extraordinary Resolution of the Board, together with the written approval of Shareholders holding an aggregate Shareholder Proportionate Interest of at least $66^{2/3}\%$.

3.4 Further Assurances

Each of the Parties shall promptly do such further acts and execute such documents as any other Party may reasonably require from time to time for the purpose of giving effect to this Agreement and shall use all reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent, in good faith, the provisions of this Agreement.

3.5 Counterparts

This Agreement may be executed in any number of separate counterparts (including by facsimile or other electronic means) and all such signed counterparts will together constitute one and the same agreement. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature on the execution page hereof to the other Parties by facsimile or other means of recorded electronic transmission and such transmission (including in PDF form) with an acknowledgement of receipt shall constitute delivery of an executed copy of this Agreement to the receiving Party.

IN WITNESS WHEREOF the Parties have executed this Agreement.

FORWARD DIMENSION CAPITAL 1 LLP

By: _____

Name:

Title:

THE BICKNELL FAMILY TRUST

By: _____

Name:

Title:

DIGITAL UNDERGROUND MEDIA INC.

By: _____

Name:

Title:

JD CRAIG HOLDINGS INC.

By: _____

Name:

Title:

Witness	Drew Craig
Witness	Kenneth Bicknell
Witness	Michael Laitinen

E

The Articles of the Corporation be and the same are hereby amended as follows

to amend the definition of "Aggregate Class A Common Redemption Amount"

PART 1: AMENDMENT OF ARTICLES

With effect from the date of this Amendment the following definition shall replace the existing definition of "Aggregate Class A Common Redemption Amount":

"**Aggregate Class A Common Redemption Amount**" means, with respect to the Class A Common Shares of the Corporation, an amount equal to:

(a) if, at the relevant time, the Equity Value in the Corporation is $20,000,000.00 or lower, the Investment Amount;

(b) if, at the relevant time, the Equity Value in the Corporation is between $20,000,000.01 and the value of the round of equity financing completed in 2017 (the "**Benchmark Equity Value**"), the amount determined by the formula:

A – (B x (C-D))

where:
A = Investment Amount;
B = 0.5;
C = Benchmark Equity Value; and
D = 20,000,000.

and;

(c) if, at the relevant time, the Equity Value in the Corporation exceeds the Benchmark Equity Value, $0.00.

General

Any director or officer of the Corporation is authorized and directed, for and on behalf of the Corporation, to take all steps and execute all documents as may be necessary or desirable for the purpose of giving effect to these resolutions.

These amendments are consented to by all directors of the Corporation, pursuant to section 129 of the *Business Corporations Act* (Ontario), as evidenced by the signatories below.

DATED the _____ day of March, 2017

Ken Bicknell

Drew Craig

Gavin Owston

David Rigby

30909664.1

F

The Articles of the Corporation be and the same are hereby amended as follows

to amend the definition of "Aggregate Class A Common Redemption Amount"

PART 1: AMENDMENT OF ARTICLES

With effect from the date of this Amendment the following definition shall replace the existing definition of "Aggregate Class A Common Redemption Amount":

"**Aggregate Class A Common Redemption Amount**" means, with respect to the Class A Common Shares of the Corporation, an amount equal to:

(a) if, at the relevant time, the Equity Value in the Corporation is ~~$30,000,000.00~~20,000,000.00 or lower, the Investment Amount;

(b) if, at the relevant time, the Equity Value in the Corporation is between ~~$30,000,000.01 and $70,000,000.00~~,20,000,000.01 and the value of the round of equity financing completed in 2017 (the "**Benchmark Equity Value**"), the amount determined by the formula:

A – (B x (C-D))

where:
A = Investment Amount;
B = 0.5;
C = Benchmark Equity Value; and
D = ~~30,000,000.~~20,000,000.

and;

(c) if, at the relevant time, the Equity Value in the Corporation exceeds ~~$70,000,000.01,~~the Benchmark Equity Value, $0.00.

General

Any director or officer of the Corporation is authorized and directed, for and on behalf of the Corporation, to take all steps and execute all documents as may be necessary or desirable for the purpose of giving effect to these resolutions.

These amendments are consented to by all directors of the Corporation, pursuant to section 129 of the *Business Corporations Act* (Ontario), as evidenced by the signatories below.

DATED the ~~XX~~_____ day of ~~September, 2016~~March, 2017

Ken Bicknell

Drew Craig

Gavin Owston

David Rigby

Document comparison by Workshare Compare on March-09-17 4:49:46 PM

Input:	
Document 1 ID	file://C:\Users\AycanN\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\XMZYB1AJ\DUM-Amendment to Share Terms (FDC 010916).docx
Description	DUM-Amendment to Share Terms (FDC 010916)
Document 2 ID	PowerDocs://TOR_LAW/9134467/1
Description	TOR_LAW-#9134467-v1-DUM-Amendment_to_Share_Terms_(FDC_010916)
Rendering set	Firm Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	7
Deletions	6
Moved from	0
Moved to	0
Style change	0
Format changed	0

Total changes	13

30909665.1

G

---------- Forwarded message ----------
From: **Gavin Owston** <gavin@forwarddimension.com>
Date: Fri, Dec 16, 2016 at 9:52 AM
Subject: Re: Amendment documents
To: Ken Bicknell <ken@adtrackmedia.com>, Drew Craig <drew@adtrackmedia.com>, Mike Laitinen <mike@adtrackmedia.com>, David Rigby <david@forwarddimension.com>

Thanks for these documents Ken - they are all ok except I have a couple of questions on the options side:

1. Is there a resolution to approve to granting of 1% to Andrew? David and I support the suggestion in your email that he receives 1% but I can't see any formal language/resolution relating to it?
2. I am a bit confused as to what the 2016 Stock option Plan is? Is this a proposal for a new plan, or a possible replacement of the 2015 plan? It is referred to in the Extraordinary Resolutions para III, and in its own document (both attached).

Thanks,

Gavin

On 12 Dec 2016, at 15:15, Ken Bicknell <ken@adtrackmedia.com> wrote:

Hi Gavid and David,
Attached are the amendment documents revised as Mike mentioned to Canadian law, and including a couple of proposed edits, and a draft version of a revised option agreement. These documents are black-lined to the versions you sent over.
On a separate but related topic, we would like to issue Andrew options equal to 1%, which is slightly more than half of what we have available.

Ken

Ken Bicknell | President & CEO | **Adtrackmedia**

320-321 Water Street, Vancouver, BC, Canada, V6B1B8
M +1(204)771-3050 | D +1(604)620-4650 | ken@adtrackmedia.com

www.adtrackmedia.com

<Digital Underground - 2016 Stock Option Plan-TOR_LAW-9069345-v1 (1).DOC><DUM - Board Resolution re Articles, ESOP, SIA and USA-TOR_LAW-9043788-v2.DOCX><DUM - First Amendment to SIA-TOR_LAW-9043782-v3.DOC><DUM - First Amendment to SIA-TOR_LAW-9043782-v2.DOC><DUM - First Amendment to USA-TOR_LAW-9043783-vdoc.DOC><DUM - First Amendment to USA-TOR_LAW-9043783-v2.DOC><Form 3 - Draft Articles of Amendment.pdf><Digital Underground Media Inc. - Shareholders resolution approving amendment to articles-TOR_LAW-9037597-v1.DOC>

EXTRAORDINARY RESOLUTIONS OF THE BOARD OF DIRECTORS
OF DIGITAL UNDERGROUND MEDIA INC.
(the "Corporation")

I. ARTICLES OF AMENDMENT

WHEREAS the Corporation wishes to amend the articles of the Corporation (the "**Articles of Amendment**"), in the form of the articles of amendment presented to the directors.

BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION OF THE BOARD THAT:

1. The Articles of Amendment are hereby authorized and approved.

2. Upon approval by the shareholders of the Corporation (as required pursuant to the Corporations unanimous shareholders' agreement), any director or officer of the Corporation is authorized and directed, for and on behalf of the Corporation, to execute and to deliver all instruments and writings and to perform and to do all acts or things, including the execution and filing of Articles of Amendment, as they consider necessary or advisable to give effect to this resolution.

II. AMENDMENTS TO THE TERMS OF THE JULY 27, 2015 EMPLOYEE STOCK OPTION PLAN

WHEREAS The Directors recall that 203,658 options relating to Class B Common shares were granted pursuant to the terms of the Corporation's Stock Option Plan adopted by the Board on July 27, 2015 (the "**2015 Stock Option Plan**") to various members of the Corporation's senior management team (the "**Executives**") on July 27, 2015. All Capitalized terms unless otherwise defined in this Section II of these resolutions shall have the meaning given to such term in the 2015 Stock Option Plan;

AND WHEREAS It has been agreed between the Directors and the Executives to amend the following terms of the 2015 Stock Option Plan:

(a) The Option Exercise Price of the fourth quarter and therefore final tranche of Options granted is to be amended from $51.99 to $34.66 per option. This reflects a change in the target valuation of the Corporation for this tranche of options from $60 million (as derived by applying a 10x multiple to the previous vesting hurdle of a run rate EBITDA of $6 million) to $40 million (as derived by the book value of the Corporation as represented by Forward Dimension Capital 1 LLP ("**Forward**") investing $20 million to obtain a 50% ownership interest in the Corporation).

(b) The vesting of Options as per clause 4.5.1 of the Plan is amended pursuant to Section 4.5.2 of the Plan to read as follows, and shall be deemed to be the operative vesting schedule in the Option Agreement issued to each Executive:

"4.5.1 ....an Option will vest and become exercisable as to one-quarter (25%) of the Class B Common Shares issuable under the Option upon occurrence of each of the following:

4.5.1.1 the Grant Date (the parties understand this has already taken place on 27/07/15);

4.5.1.2 the time when Forward commits a total of $10 million of equity funding to the Corporation (the parties understand this funding has already been committed on 16/09/16);

4.5.1.3 the time when Forward commits a total of $15 million of equity funding to the Corporation;

4.5.1.4 the time when Forward commits a total of $20 million of equity funding to the Corporation."

(c) All of the other terms and conditions of the Corporation's Stock Option Plan and the Option Agreement shall remain in full force and effect,

(Collectively, the "**SOP Amendments**");

BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION OF THE BOARD THAT:

3. any director or officer of the Corporation is authorized and directed, for and on behalf of the Corporation, to amend the 2015 Stock Option Plan to reflect the foregoing SOP Amendments and such amended option plan shall become the Corporation's Amended and Restated 2015 Stock Option Plan, and to take all steps and execute all documents as may be necessary or desirable for the purpose of giving effect to these resolutions including issuing revised Option Agreements to the Executives, as necessary or desirable.

III. 2016 STOCK OPTION PLAN

WHEREAS it is desirous for the Corporation to adopt another stock option plan (the "**2016 Stock Option Plan**") in the form previously provided to the directors of the Corporation which 2016 Stock Option Plan is for the benefit of employees, officers, directors and consultants of the Corporation and intended to assist the Corporation in attracting, retaining and motivating directors, officers, employees and consultants by providing them with the opportunity, through the exercise of share options, to acquire a proprietary interest in the Corporation;

AND WHEREAS the Corporation is not limited in adopting more than one incentive compensation arrangement pursuant to Section 2.4 of the 2015 Stock Option Plan.

BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION OF THE BOARD THAT:

4. the 2016 Stock Option Plan, in the form presented to the directors of the Corporation be, and it hereby is, approved;

5. that number of Class B Common shares as is equal to 10% of the aggregate number of Class A Common shares and Class B Common shares of the Corporation issued and outstanding from time to time be, and they hereby are, reserved and set aside for issuance pursuant to options granted from time to time pursuant to the 2016 Stock Option Plan and the 2015 Stock Option Plan, as amended and restated; and

6. upon the exercise of options at any time and from time to time in accordance with the terms and conditions of the Plan, the Class B Common shares in respect of which such options are exercised shall be issued to the holder of such options as fully paid and non-assessable Class B Common shares of the Corporation.

IV. APPROVAL OF AMENDED AND RESTATED SUBSCRIPTION & INVESTMENT AGREEMENT

WHEREAS the Corporation entered into that certain Subscription & Investment Agreement dated July 27, 2015 (the "**SIA**") and on the same date an Unanimous Shareholders' Agreement (the "**USA**");

AND WHEREAS the Corporation has deemed it appropriate to amend the terms of the SIA and the USA to reflect the current state of the Corporation and its revised business plan;

AND WHEREAS the Corporation seeks to execute and deliver the First Amendment to Subscription & Investment Agreement (the "**First Amendment to SIA**") and the First Amendment to Unanimous Shareholders' Agreement (the "**First Amendment to USA**"), each dated the date hereof;

AND WHEREAS the Board by Extraordinary Resolution is entitled to amend the SIA and USA and to execute and deliver the First Amendment to SIA and the First Amendment to USA, respectively, in substantially the form reviewed by the Directors;

BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION OF THE BOARD THAT:

7. The Corporation be and it is hereby authorized and directed to execute, deliver and perform its obligations under the First Amendment to SIA and the First Amendment to USA (collectively, the "**Documents**").

8. In addition to the foregoing authorizations, any officer or director of the Corporation be and is hereby authorized to execute (under the corporate seal or otherwise) and deliver the Documents, substantially in the form of the draft Documents submitted to the directors, with such amendments, alterations, additions and deletions as may be approved by such person whose signature shall be conclusive evidence of such authorization and all such deeds, documents and other writings and to do all such other acts and things as he or she considers necessary or desirable to give effect to the foregoing, such execution to be conclusive evidence of his or her approval.

V. GENERAL

BE IT RESOLVED THAT:

9. any director or officer is hereby authorized and empowered, acting for, in the name of and on behalf of the Corporation, to execute, under the seal of the Corporation or otherwise, to deliver on behalf of the Corporation, and to do or to cause to be done all such other documents, agreements, notices, filings, acts and things as they shall consider necessary or desirable in order to carry out the intent of these resolutions.

These resolutions may be executed and delivered in counterparts, each of which will be an original, and each of which may be delivered by facsimile, e-mail or other functionally equivalent electronic means of transmission, and those counterparts will together constitute one and the same instrument.

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These resolutions are consented to by all directors of the Corporation, pursuant to section 129 of the *Business Corporations Act* (Ontario), as evidenced by the signatories below.

DATED the _____ day of December, 2016.

Ken Bicknell	Drew Craig
Gavin Owston	David Rigby

DIGITAL UNDERGROUND MEDIA INC.

2016 STOCK OPTION PLAN

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

For the purposes of this Plan, the following terms have the following meanings:

1.1.1 "**Applicable Laws**" means, at any time, with respect to any Person, property, transaction or event, all applicable laws, statutes, regulations, treaties, judgments and decrees and (whether or not having the force of law) all applicable official directives, rules, consents, approvals, by-laws, permits, authorizations and orders of any Governmental Authorities having authority over that Person, property, transaction or event.

1.1.2 "**Board**" means the board of directors of the Corporation.

1.1.3 "**Business Day**" means any day excluding a Saturday, Sunday or statutory holiday in the Province of Ontario, and also excluding any day on which the principal chartered banks located in the City of Toronto are not open for business during normal banking hours.

1.1.4 "**Cashless Exercise**" is defined in Section 4.7.1.

1.1.5 "**Class A Common Shares**" means class A common shares in the capital of the Corporation.

1.1.6 "**Class B Common Shares**" means class B common shares in the capital of the Corporation.

1.1.7 "**Consultant**" means a Person, other than an Employee or a Director, that:

1.1.7.1 is engaged to provide consulting, technical, management or other services to the Corporation or to a Subsidiary, other than services provided in relation to a distribution of securities;

1.1.7.2 provides the services under a written contract with the Corporation or a Subsidiary; and

1.1.7.3 spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or a Subsidiary.

1.1.8 "**Corporation**" means Digital Underground Media Inc.

1.1.9 "**Current Market Value**" is defined in Section 4.7.1.

1.1.10 "**Determination Date**" is defined in Section 4.7.

1.1.11 "**Director**" means a director of the Corporation or any Subsidiary.

1.1.12 "**Disability**" means a physical or mental incapacity or disability that prevents the Eligible Person from performing the essential duties of the Eligible Person's employment or service with the Corporation or any Subsidiary, and which cannot be accommodated under applicable human rights laws without imposing undue hardship

on the Corporation or the Subsidiary employing or engaging the Eligible Person, as determined by the Board for the purposes of this Plan.

1.1.13 **"Early Expiry Date"** is defined in Section 4.10.1.2.

1.1.14 **"Eligible Person"** means any Employee, Director or Consultant.

1.1.15 **"Employee"** means an employee of the Corporation or any Subsidiary.

1.1.16 **"Governmental Authority"** means:

1.1.16.1 any federal, provincial, state, local, municipal, regional, territorial, aboriginal or other government, any governmental or public department, branch or ministry, or any court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of any of them exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory, or taxing authority or power of any nature; and

1.1.16.2 any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of them, and any subdivision of any of them.

1.1.17 **"Grant Date"** means, for any Option, the date on which that Option is granted.

1.1.18 **"Liquidity Event Transaction"** means:

1.1.18.1 a "Liquidity Event" (as such term defined in the Corporation's articles); or

1.1.18.2 any other transaction or series of transactions which, the Board, by "Extraordinary Resolution" (as such term is defined in the Shareholders' Agreement), constitutes a liquidity event of the Corporation.

1.1.19 **"Net Number"** has the meaning given to it in Section 4.7.1.

1.1.20 **"Option"** means an option to purchase Class B Common Shares granted to an Eligible Person under the terms of this Plan.

1.1.21 **"Option Agreement"** means an option agreement substantially in the form attached as Exhibit "A" to this Plan.

1.1.22 **"Option Exercise Price"** is defined in Section 4.3.

1.1.23 **"Option Expiry Date"** is defined in Section 4.4.

1.1.24 **"Participant"** means an Eligible Person to whom an Option has been granted.

1.1.25 **"Person"** will be broadly interpreted and includes:

1.1.25.1 a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person;

1.1.25.2 a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated

association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and

1.1.25.1 a Governmental Authority.

1.1.26 "**Plan**" means this 2016 stock option plan of the Corporation.

1.1.27 "**Predecessor Plan**" means the stock option plan of the Corporation adopted by the Board on July 27, 2015;

1.1.28 "**Retirement**" means retirement from active employment or service with the Corporation or a Subsidiary:

1.1.28.1 at or after age 65; or

1.1.28.2 with the consent of any officer of the Corporation as may be designated for the purposes of this Plan by the Board, at or after any earlier age and on the completion of any number of years of service as the Board may specify.

1.1.29 "**Shareholders' Agreement**" means the agreement entered into by all of the shareholders of the Corporation dated July 27, 2015, as amended or superseded.

1.1.30 "**Subsidiary**" means a body corporate that is controlled by the Corporation and, for the purposes of this definition, a body corporate will be deemed to be controlled by the Corporation if the Corporation, directly or indirectly, has the power to direct the management and policies of the body corporate by virtue of ownership of, or direction over, voting securities in the body corporate.

1.1.31 "**Termination Date**" means the date on which a Participant ceases to be an Eligible Person and, in the case of an Employee, means the date on which the Employee ceases to actively perform services for the Corporation or any Subsidiary (excluding any notice period which may extend beyond the date on which active services cease).

1.2 Certain Rules of Interpretation

1.2.1 In this Plan, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the words "**including**" or "**includes**" in this Plan is to be construed as meaning "including, without limitation" or "includes, without limitation", respectively.

1.2.2 The division of this Plan into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Plan.

1.2.3 References in this Plan to an Article, Section or Exhibit are to be construed as references to an Article, Section or Exhibit of or to this Plan unless otherwise specified.

1.2.4 Unless otherwise specified in this Plan, time periods within which or following which any calculation or payment is to be made, or action is to be taken, will be calculated by excluding the day on which the period begins and including the day on which the period ends. If the last day of a time period is not a Business Day, the time period will end on the next Business Day. Unless otherwise determined by the Board, if an

Option would, under the terms of this Plan or the Option Agreement, otherwise expire or terminate on a day which is not a Business Day, the Option will expire or terminate on the next Business Day.

1.2.5 Unless otherwise specified, any reference in this Plan to any statute, rule or policy includes all regulations and subordinate legislation made under or in connection with that statute at any time, and is to be construed as a reference to that statute, rule or policy as amended, modified, restated, supplemented, extended, re-enacted, replaced or superseded at any time.

1.3 Governing Law

This Plan and each Option Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in that Province.

ARTICLE 2
ESTABLISHMENT OF PLAN

2.1 Purpose

2.1.1 The Corporation establishes this Plan to govern the grant, administration and exercise of Options which may be granted to Eligible Persons.

2.1.2 The principal purposes of this Plan are to provide the Corporation with the advantages of the incentive inherent in equity ownership on the part of Eligible Persons who are responsible for the continued success of the Corporation; to create in those Eligible Persons a proprietary interest in, and a greater concern for, the welfare and success of the Corporation; to encourage Eligible Persons to remain with the Corporation and any Subsidiaries; and to attract new Employees, Directors and Consultants.

2.1.3 This Plan is expected to benefit shareholders by enabling the Corporation to attract and retain personnel of the highest calibre by offering them an opportunity to share in any increase in value of the Class B Common Shares resulting from their efforts.

2.2 Shares Reserved

2.2.1 The number of Class B Common Shares that may be reserved for issuance under this Plan and the Predecessor Plan, collectively, will not exceed, 15% of the aggregate sum of issued and outstanding Class A Common Shares and Class B Common Shares.

2.2.2 The Corporation will at all times during the term of this Plan reserve and keep available the number of Class B Common Shares necessary to satisfy the requirements of this Plan.

2.3 Expired or Terminated Options

If and to the extent any Option granted under this Plan expires or is terminated without having been exercised in whole or in part, the number of Class B Common Shares then subject to that Option will be considered to be part of the pool of Class B Common Shares available for Options under this Plan.

2.4 Non-Exclusivity

Nothing contained in this Plan will prevent the Board from adopting other or additional incentive compensation arrangements.

2.5 Effective Date

This Plan will be effective as of the date on which it is approved by the Board.

ARTICLE 3
ADMINISTRATION OF PLAN

3.1 Administration of the Plan

3.1.1 Subject to the provisions of this Plan and Applicable Laws, the Board will have full power and authority to:

3.1.1.1 administer this Plan in accordance with its express terms;

3.1.1.2 determine all questions arising in connection with the administration, interpretation, and application of this Plan;

3.1.1.3 prescribe, amend, and rescind rules and regulations relating to the administration of this Plan; and

3.1.1.4 make all other determinations necessary or advisable for the administration of this Plan.

All determinations made in good faith on the matters referred to in this Section 3.1.1 will be final, conclusive, and binding on the Corporation and the relevant Participant.

3.2 Record Keeping

The Corporation will maintain a register in which will be recorded:

3.2.1 with respect to each Option granted to a Participant:

3.2.1.1 the name and address of the Participant;

3.2.1.2 the Grant Date;

3.2.1.3 the number of Class B Common Shares issuable under the Option as of the Grant Date;

3.2.1.4 the Option Exercise Price;

3.2.1.5 any vesting conditions;

3.2.1.6 the number of Class B Common Shares issued under the Option (and the dates of issuance); and

3.2.1.7 the Option Expiry Date; and

3.2.2 the aggregate number of Class B Common Shares subject to Options.

3.3 Adjustments to Options

3.3.1 If any material change in the outstanding Class B Common Shares occurs by reason of any stock dividend, split, recapitalization, amalgamation, merger, consolidation, combination or exchange of shares or other similar corporate change, the Board may

make any proportionate adjustments to this Plan and any outstanding Options that the Board deems equitable and appropriate to reflect that change. Any adjustment under this Section 3.3.1 will be made in the sole discretion of the Board, and will be conclusive and binding for all purposes of this Plan.

3.3.2 No fractional Class B Common Shares will be issued on the exercise of an Option. If, as a result of any adjustment as provided in this Section 3.3, a Participant would be entitled to a fractional Class B Common Share, the Participant will have the right to purchase only the number of full Class B Common Shares that is calculated under that adjustment, and a cash payment will be made with respect to that fractional Class B Common Share.

3.4 Termination of the Plan

The Board may terminate this Plan at any time in its absolute discretion. If this Plan is terminated, no further Options will be granted but the Options then outstanding will continue in full force and effect in accordance with the provisions of this Plan, until the time they are exercised or terminated or expire under the terms of this Plan and the applicable Option Agreements.

3.5 General

The existence of any Option will not affect, in any way, the right or power of the Corporation to:

3.5.1 make or authorize any recapitalization, reorganization or other change in the Corporation's capital structure or business;

3.5.2 participate in any amalgamation, combination, merger or consolidation;

3.5.3 create or issue any securities or change the rights and conditions attaching to any of its securities;

3.5.4 effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business; or

3.5.5 effect any other corporate act or proceeding, whether of similar character or otherwise.

3.6 Compliance with Applicable Laws

3.6.1 This Plan, the grant and exercise of Options, the Corporation's obligation to issue Class B Common Shares on the exercise of Options, and all other actions taken under this Plan will be subject to Applicable Laws, and to any approvals by any Governmental Authority which, in the opinion of counsel to the Corporation, are necessary or advisable.

3.6.2 No Option will be granted and no Class B Common Shares issued under this Plan if that grant or issue would require registration of this Plan or of Class B Common Shares under the securities laws of any foreign jurisdiction. Any purported grant of any Option or issue of Class B Common Shares under this Plan in violation of this Section 3.6.2 will be void.

3.6.3 Class B Common Shares issued to Participants pursuant to the exercise of Options may be subject to limitations on sale or resale under Applicable Laws.

ARTICLE 4
TERMS OF OPTIONS

4.1 Grants

4.1.1 Subject to the provisions of this Plan, the Board will have the authority to grant Options to Eligible Persons, and to determine the terms and conditions applicable to the exercise of those Options, including, for each Option:

4.1.1.1 the number of Class B Common Shares issuable under the Option;

4.1.1.2 the Option Exercise Price;

4.1.1.3 the Option Expiry Date;

4.1.1.4 the vesting conditions, if any;

4.1.1.5 the nature and duration of the restrictions, if any, to be imposed on the sale or other disposition of Class B Common Shares acquired on the exercise of the Option; and

4.1.1.6 the events, if any, that could give rise to a termination of the Participant's rights under the Option, and the period in which such a termination can occur.

4.1.2 Each Option must be confirmed by an Option Agreement executed by the Corporation and by the Participant to whom that Option is granted. Subject to specific variations approved by the Board in respect of any Option, those variations not to be inconsistent with the provisions of this Plan, all terms and conditions set out in this Plan will be incorporated by reference into and form part of each Option Agreement.

4.2 Multiple Grants

An Eligible Person may be granted Options on more than one occasion under this Plan and be granted separate Options on any one occasion.

4.3 Option Exercise Price

The Board will set the option exercise price (the "**Option Exercise Price**") in respect of each Class B Common Share issuable under an Option granted to a Participant. The Option Exercise Price will not be less than the fair market value of a Class B Common Share on the Grant Date, as determined by the Board, taking into account any considerations which it determines to be appropriate at the relevant time.

4.4 Option Expiry Date

The Board will, on the Grant Date, set the option expiry date (the "**Option Expiry Date**") of each Option granted to a Participant. The Option Expiry Date set under this Section 4.4 will be no later than five years after the Grant Date, and will be subject to earlier expiry in accordance with Section 4.10 and Section 4.11.

4.5 Vesting of Options

4.5.1 Unless otherwise determined by the Board under Section 4.5.2 or 4.11 or otherwise specified in the relevant Option Agreement, an Option will vest and become

exercisable as to one-third (33.33%) of the Class B Common Shares issuable under the Option upon the occurrence of each of the following:

4.5.1.1 on the first anniversary of the Grant Date;

4.5.1.2 on the second anniversary of the Grant Date; and

4.5.1.3 on the third anniversary of the Grant Date.

4.5.2 The Board may, at any time, accelerate the date on which any Option will vest and become exercisable.

4.6 Exercise of Options

4.6.1 An Option will be exercisable (other than on a Cashless Exercise basis) until 5:00 p.m. (Toronto time) on the Option Expiry Date, but only to the extent that it has vested and has not expired or been terminated.

4.6.2 Subject to the provisions of this Plan and the related Option Agreement, an Option may be exercised, in whole or in part, at any time, by delivery to the Corporation of a written notice of exercise, substantially in the form of Schedule "A" to Exhibit "A" to this Plan, specifying the number of Class B Common Shares with respect to which the Option is being exercised and accompanied by payment in full of the Option Exercise Price of the Class B Common Shares to be purchased. Payment of the Option Exercise Price must be made by cash, bank draft or certified cheque.

4.6.3 The Corporation's obligation to issue Class B Common Shares to a Participant pursuant to the exercise of an Option will be subject to delivery of a counterpart execution page or addendum agreement or agreement to be bound to the Shareholders' Agreement executed by the Participant.

4.6.4 All certificates representing Class B Common Shares delivered pursuant to the exercise of Options under this Plan shall be subject to such stock transfer orders and other restrictions as the Board may deem advisable under any Applicable Laws or any provision in the Corporation's articles, by-laws or other constating documents, or as applicable the terms of the Shareholders' Agreement, and shall bear the following legend:

> "The shares represented by this certificate are subject to restrictions on transfer and all the other terms and conditions of a unanimous shareholders' agreement made between the Corporation and each and all of the holders of shares, as such agreement may from time to time be amended in accordance with its provisions. A copy of the agreement is on file at the registered office of the Corporation and is available to the holder hereof for inspection on request, without charge. Any transfer made in contravention of such restrictions shall be null and void."

4.6.5 In addition to exercises contemplated in Section 4.6.1, Options that have vested, have not expired, and have not been terminated, may be exercised on a Cashless Exercise basis, in accordance with the terms of Section 4.7:

4.6.5.1 upon a Liquidity Event Transaction; or

4.6.5.2 in connection with, and conditional upon a Liquidity Event Transaction occurring in which case the Options shall be deemed to be exercised immediately prior to the Liquidity Event Transaction.

4.6.6 The Corporation will use its best efforts to give the affected Participants written notice of anticipated Liquidity Event Transactions which the Board determines, in its sole and absolute have a reasonable prospect of consummation at least 14 days before the effective date of the consummation of such Liquidity Event Transaction.

4.7 Cashless Exercise

4.7.1 Subject to Section 3.6, and: (i) upon or in connection with a Liquidity Event Transaction pursuant to Section 4.6.5; or (ii) notwithstanding any other provision of the Plan, if permitted by the Board in its sole and absolute discretion, in lieu of making the cash payment of the aggregate Option Exercise Price otherwise contemplated to be made to the Corporation upon such exercise, a Participant may elect instead to exercise vested Options held by such Participant, by way of a "cashless exercise" and thereby receive, in consideration for the surrender by the Participant of such exercised Options, the "**Net Number**" of Class B Common Shares upon such exercise determined according to the following formula (a "**Cashless Exercise**"):

$$\text{Net Number} = \frac{[A \times (B - C)]}{B}$$

where:

A = the total number of Class B Common Shares purchasable under the Option being exercised or, if only a portion of the Option is being exercised, the total number of Class B Common Shares of such portion of the Option being exercised (at the date of such calculation)

B = the "Current Market Value" of one Class B Common Share (at the date of such calculation)

C = the Option Exercise Price of the Options (as adjusted to the date of such calculation).

For purposes hereof, the "**Current Market Value**" of a Class B Common Share as of a particular date (the "**Determination Date**") shall mean: (i) in connection with a Cashless Exercise upon or in connection with a Liquidity Event Transaction, the value attributable to such Class B Common Share in connection with the Liquidity Event Transaction; or (ii) in connection with a Cashless Exercise otherwise permitted by the Board in its sole and absolute discretion, the fair market value attributable to a Class B Common Share as established in good faith by the Board.

4.8 Amendments to Plan or Options

The Board may amend this Plan or any Option:

4.8.1 in accordance with Section 3.3.1, 4.5.2 or 4.11;

4.8.2 otherwise, in the discretion of the Board, provided that, if an amendment under this Section 4.8.2 materially impairs an Option or is materially adverse to its holder, the amendment will not take effect in respect of that Option until the consent of the Participant holding the Option has been obtained.

4.9 Withholding of Tax

4.9.1 The Corporation and any Subsidiary may take reasonable steps for the withholding of any taxes or other source deductions that it is required by Applicable Laws or the requirements of any Governmental Authority to remit in connection with this Plan, any Option or any issuance of Class B Common Shares upon the exercise of an Option, including:

4.9.1.1 deducting and withholding the amount required to be remitted from any cash remuneration or any other amount payable to a Participant, whether or not related to the Plan, the exercise of any Options or the issue of any Class B Common Shares; or

4.9.1.2 making the exercise of an Option conditional on the Participant paying to the Corporation or Subsidiary the amount required to be remitted.

4.10 Termination of Employment or Service

4.10.1 Unless otherwise determined by the Board under Section 4.11 or otherwise specified in the relevant Option Agreement, if a Participant ceases to be an Eligible Person:

4.10.1.1 any unvested portion of any Option held by that Participant will immediately expire as of the Termination Date; and

4.10.1.2 any vested portion of any Option held by that Participant will expire on the earlier of the Option Expiry Date set by the Board under Section 4.4 and:

4.10.1.2.1 in the case of termination of employment by the Corporation or a Subsidiary without cause, or the failure of a Director standing for election to be re-elected, or the failure by the Corporation or a Subsidiary to renew a contract for services at the end of its term, the date which is 90 days after the Termination Date;

4.10.1.2.2 in the case of the death of the Participant, the date which is one year after the death;

4.10.1.2.3 in the case of the Disability or Retirement of the Participant, the date which is 180 days after the Termination Date; and

4.10.1.2.4 in all other cases, the Termination Date.

(the date determined under Sections 4.10.1.2.1 to 4.10.1.2.4, the **"Early Expiry Date"**).

4.10.2 Unless otherwise determined by the Board, Options will not be affected by any change of employment or provision of services within or among the Corporation or any Subsidiaries, so long as the Participant continues to be an Eligible Person.

4.10.3 The Early Expiry Date will be determined based on the first of the events described in Sections 4.10.1.2.1 to 4.10.1.2.4 to occur.

4.10.4 Options granted under this Plan are not part of a Participant's regular employment or consulting compensation, and no value will be attributed to any Options as part of calculating any Participant's damages for wrongful dismissal, or any amount due to a Participant with respect to reasonable notice, notice of termination, severance or termination pay, or compensation in lieu of notice.

4.11 Liquidity Event Transaction

4.11.1 Despite any other provision of this Plan or any Option Agreement, in the event of an actual or potential Liquidity Event Transaction, the Board has the right, in its sole discretion, without any action or consent required on the part of any Participant, to deal with any Options (or any portion of any Options) as follows:

4.11.1.1 determine that any Options (or any portion of any Options) will remain in full force and effect in accordance with their terms after the Liquidity Event Transaction;

4.11.1.2 cause any Options (or any portion of any Options) to be converted or exchanged for options to acquire shares of another entity involved in the Liquidity Event Transaction, having the same value and terms and conditions as the Options;

4.11.1.3 provide Participants with the right to surrender any Options (or any portion of any Options) for an amount per underlying Class B Common Share equal to the positive difference, if any, between the fair market value of the Class B Common Share on the date of surrender and the Option Exercise Price; or

4.11.1.4 conditional upon completion of the Liquidity Event Transaction, accelerate the date by which any Options (or any portion of any Options) must be exercised.

4.11.2 The Corporation will use its best efforts to give the affected Participants written notice of any determination made by the Board under Section 4.11.1 at least 14 days before the effective date of the Liquidity Event Transaction.

4.12 Transferability

4.12.1 Subject to Section 4.12.2, the Options and all benefits and rights accruing to a Participant in accordance with the terms and conditions of this Plan are not directly or indirectly transferable and cannot be assigned, charged, pledged or hypothecated, or otherwise alienated, by a Participant, whether voluntarily, involuntarily, by operation of law or otherwise.

4.12.2 On a Participant's death, vested Options, benefits and rights may pass by the Participant's will or the laws of descent and distribution to the legal representative of

the Participant's estate or any other Person who acquires the Participant's vested Options by bequest or inheritance. No transfer of a vested Option by will or by the laws of descent and distribution will be effective to bind the Corporation until the Corporation has been furnished with any evidence that the Corporation may deem necessary to establish the validity of the transfer and the acceptance by the transferee of the terms and conditions of this Plan and the relevant Option Agreement.

ARTICLE 5
MISCELLANEOUS PROVISIONS

5.1 No Rights as Shareholder

The holder of an Option will not have any rights as a shareholder of the Corporation with respect to any of the Class B Common Shares issuable on exercise of that Option until that holder has exercised that Option in accordance with the terms of this Plan and has been issued the Class B Common Shares.

5.2 No Employment Rights

Nothing in this Plan or any Option will confer on a Participant any right to continue in the employment or service of the Corporation or any Subsidiary or affect in any way the right of the Corporation or any Subsidiary to terminate the Participant's employment or service at any time; nor will anything in this Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Subsidiary to extend the employment or service of any Participant beyond the date on which the Participant's relationship with the Corporation or any Subsidiary would otherwise be terminated due to Retirement or pursuant to the provisions of any employment, consulting or other contract for services with the Corporation or any Subsidiary.

5.3 No Undertaking or Representation

The Participants, by participating in this Plan, will be deemed to have accepted all risks associated with acquiring Class B Common Shares pursuant to this Plan. Each Participant acknowledges that the Class B Common Shares are subject to, and may be required to be held indefinitely under, applicable securities laws. The Corporation and the Subsidiaries make no undertaking, representation, warranty or guarantee as to the future value or price, or as to the listing on any stock exchange or other market, of any Class B Common Shares issued under this Plan, and will not be liable to any Participant for any loss resulting from that Participant's participation in this Plan or as a result of the amendment, suspension or termination of this Plan or any Option in accordance with its terms.

5.4 Notices

All written notices to be given by a Participant to the Corporation will be delivered personally or by registered mail, postage prepaid, addressed as follows:

c/o Gowling WLG (Canada) LLP
1 First Canadian Place
100 King St. West, Suite 1600, Toronto, ON M5X 1G5

Attn: Nurhan Aycan

Any notice given by a Participant pursuant to the terms of an Option will not be effective until actually received by the Corporation at the above address.

5.5 Further Assurances

Each Participant will, when requested to do so by the Corporation, sign and deliver all documents relating to the granting or exercise of Options deemed necessary or desirable by the Corporation. Each Participant will provide the Corporation with all information (including personal information) which is necessary for the administration of this Plan, and each Participant consents to the collection, use and disclosure of information by the Corporation necessary for the administration of this Plan.

5.6 Submission to Jurisdiction

The Corporation and each Participant irrevocably and unconditionally submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario to determine all issues, whether at law or in equity, arising from this Plan and each Option Agreement. To the extent permitted by Applicable Laws, the Corporation and each Participant:

5.6.1 irrevocably waives any objection, including any claim of inconvenient forum, that it may now or in the future have to the venue of any legal proceeding arising out of or relating to this Plan or any Option Agreement in the courts of that Province, or that the subject matter of this Plan or any Option Agreement may not be enforced in those courts;

5.6.2 irrevocably agrees not to seek, and waives any right to, judicial review by any court which may be called on to enforce the judgment of the courts referred to in this Section 5.6, of the substantive merits of any suit, action or proceeding; and

5.6.3 to the extent the Corporation or any Participant has or may acquire any immunity from the jurisdiction of any court or from any legal process, whether through service or notice, attachment before judgment, attachment in aid of execution, execution or otherwise, with respect to itself or its property, that Person irrevocably waives that immunity in respect of its obligations under this Plan and any Option Agreement.

Adopted by the Board as of December, 2016.

* * *

EXHIBIT "A"

TO STOCK OPTION PLAN

DIGITAL UNDERGROUND MEDIA INC.
OPTION AGREEMENT

THIS AGREEMENT is dated as of • *(Insert the Grant Date.)* between Digital Underground Media Inc. (the "**Corporation**") and • *(Insert the name of the Participant.)* (the "**Participant**").

CONTEXT:

A. The Corporation has a stock option plan with an effective date of December, 2016 (as it may be amended at any time in accordance with its terms, the "**Plan**"). A copy of the Plan in effect on the date of this agreement has been (or is concurrently being) provided to the Participant. Capitalized terms used and not defined in this Agreement have the meaning given to them in the Plan.

B. The board of directors of the Corporation has authorized the granting to the Participant of an option under the Plan, having the terms set out in this agreement (the "**Option**").

THEREFORE, the parties agree as follows:

1. **The Plan.** The Participant agrees to be bound by the terms of the Plan (which may be amended). The terms and conditions of the Plan are deemed to be incorporated into and to form a part of this agreement. In the event of any inconsistency between the terms of the Plan and the terms of this agreement, the terms of the Plan will prevail.

2. **Grant of Option.** The Corporation grants, and the Participant accepts, the Option to purchase • class B common shares in the capital of the Corporation (the "**Class B Common Shares**").

3. **Exercise Price and Vesting.** The Option will vest and become exercisable as follows:

Number of Class B Common Shares	Vesting Conditions	Exercise Price
•	•	•
•	•	•
•	•	•
•	•	•

4. **Exercise of Vested Option.** The Option may be exercised: (a) other than by way of Cashless Exercise, in whole or in part, at any time up to and including 5:00 p.m. (Toronto time) on •; or (b) by way of a Cashless Exercise, in whole, upon a Liquidity Event Transaction, or in connection with and conditional upon the closing of, a Liquidity Event Transaction, in each case only to the extent that it has vested and has not expired or been terminated. To exercise the Option, in whole or in part, all conditions for exercise under the Plan must have been met, and the Participant must deliver to the Corporation a

written notice of exercise, substantially in the form of Schedule "A" to this agreement, and, if not a Cashless Exercise, accompanied by payment in full of the exercise price of the Class B Common Shares to be purchased. Any applicable payment of the exercise price must be made by cash, bank draft or certified cheque.

5. **Participation Voluntary.** The parties acknowledge and agree that Participant's participation in the Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly set out herein and in the Plan.

6. **Withholding Taxes.** The Corporation may take reasonable steps for the withholding of any taxes or other source deductions that it is required to remit in connection with the Option or any issuance of Class B Common Shares upon the exercise of the Option, as described in more detail in the Plan.

7. **Independent Legal Advice.** The Participant acknowledges that it has had the opportunity to receive independent legal advice from its own counsel with respect to the terms of this agreement, and understands the risks associated with acquiring Class B Common Shares pursuant to the Plan.

8. **Enurement.** This agreement enures to the benefit of and is binding upon the parties and their respective heirs, successors, assigns and representatives.

9. **Time of Essence.** Time is of the essence in all respects of this agreement.

10. **Counterparts.** This agreement may be executed and delivered by the parties in one or more counterparts, each of which will be an original, and those counterparts will together constitute one and the same instrument.

11. **Electronic Signatures.** Delivery of this agreement by facsimile, e-mail or other functionally equivalent electronic means of transmission constitutes valid and effective delivery.

Each of the parties has executed and delivered this agreement as of the date noted at the beginning of this agreement.

DIGITAL UNDERGROUND MEDIA INC.

by: _____

Name:
Title:

_____

• *(Insert name of the Participant.)*

SCHEDULE "A"

TO OPTION AGREEMENT

DIGITAL UNDERGROUND MEDIA INC.
STOCK OPTION PLAN
NOTICE OF EXERCISE

TO: **DIGITAL UNDERGROUND MEDIA INC.** (the "**Corporation**")

DATE: _____

RE: **2016 Stock Option Plan** (the "**Plan**")

I refer to the option (the "**Option**") granted to me under the Plan and evidenced by an option agreement dated _____, 20____, under which I was granted, subject to the terms of that option agreement, an option to subscribe for Class B Common shares in the capital of the Corporation (the "**Class B Common Shares**").

I subscribe for _____ Class B Common Shares under the Option at $_____ per Class B Common Share, payment for which in the aggregate amount of $_____ accompanies this subscription.

{or}

In connection with a Liquidity Event Transaction or with the permission of the Board in its sole and absolute discretion, I surrender _____ Class B Common Shares under the Option in exchange for the Net Number of Class B Common Shares.

Will you please cause those Class B Common Shares to be registered as follows:

_____

_____

_____

_____

(Insert full name and address of purchaser including postal code.)

and forward the relevant certificate to the registered holder at the address shown above.

Signed,

_____
(Signature)

_____
(Name)

IN THE MATTER OF THE PROPOSAL OF DIGITAL UNDERGROUND MEDIA INC., A COMPANY INCORPORATED PURSUANT TO THE LAWS OF THE PROVINCE OF ONTARIO, WITH A HEAD OFFICE IN THE CITY OF VANCOUVER, IN THE PROVINCE OF BRITISH COLUMBIA

District of Ontario
Division No. 09 -Toronto
Court File No. 31-2295766
Estate No. 31-2295766

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceedings commenced at Toronto

RESPONDING MOTION RECORD

(Motion returnable November 14, 2017)

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Steven L. Graff (LSUC # 31871V)
Tel: (416) 865-7726
Fax: (416) 863-1515
Email: sgraff@airdberlis.com

Miranda Spence (LSUC # 60621M)
Tel: (416) 865-3414
Fax: (416) 863-1515
Email: mspence@airdberlis.com

Lawyers for Digital Underground Media Inc.