As Filed with the Securities and Exchange Commission on November 20, 2020

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

VERSUS SYSTEMS INC.

(Exact Name of Registrant as Specified in its Charter)

Not Applicable
(Translation of Registrant's Name into English)

British Columbia	7374	Not Applicable
(State or other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

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(604) 639-4457
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 7(a)(2)(B) of the Securities Act ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price[1]	Amount of Registration Fee[1]
Units[2]	$ 13,800,000[3]	$ 1,505.58
Common Shares, no par value per share, included in the units[4]	—[6]	—[6]
Warrants to purchase Common Shares, included in the units[5]	—[6]	—[6]
Common Shares issuable upon exercise of the Warrants included in the units[4][5]	$ 13,800,000[3]	1,505.58
Representative's Warrant to purchase Common Shares[7]	N/A	N/A
Common Shares issuable upon exercise of Representative's Warrant[4]	$ 828,000	90.33
Total	$ 28,428,000	$ 3,101.49

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended (the "Securities Act").
(2) Each unit consists of one common share, no par value per share, one Unit A Warrant to purchase one common share, no par value per share, and one Unit B Warrant to purchase one common share, no par value per share.
(3) Includes units and common shares and/or warrants to purchase common shares the underwriters have the option to purchase to cover over-allotments, if any.
(4) Pursuant to Rule 416 under the Securities Act, the securities being registered hereunder include such indeterminate number of additional common shares as may be issued after the date hereof as a result of stock splits, stock dividends or similar transactions.
(5) The warrants are exercisable at a per share price equal to 100% of the public offering price.
(6) Included in the price of the units. No fee required pursuant to Rule 457(g) under the Securities Act.
(7) In accordance with Rule 457(g) under the Securities Act, because the Registrant's common shares underlying the Warrants and Representative's warrants are registered hereby, no separate registration fee is required with respect to the warrants registered hereby.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state or other jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS **SUBJECT TO COMPLETION** **DATED NOVEMBER 20, 2020**

Units

VERSUS SYSTEMS INC.

We are offering units, with each unit consisting of one of our common shares, no par value per share, and two warrants, which we refer to in this prospectus as the Unit A Warrant and the Unit B Warrant, each to purchase one of our common shares. We anticipate a public offering price between US$ and US$ per unit. The common shares and the warrants comprising the units are immediately separable and will be issued separately in this offering. The warrants included in the units are exercisable immediately and have an exercise price equal to US$ per common share (100% of the public offering price based on an assumed initial offering price of US$ per unit, the mid-point of the anticipated price range). The Unit A Warrants will be listed for trading as described below and will expire five years from the date of issuance. We do not intend to list the Unit B Warrants for trading on any stock market or exchange and such warrants will expire 12 months from the date of issuance. We expect to effect a reverse share split of our issued and outstanding common shares prior to the date of this prospectus.

The units will not be issued or certificated. Purchasers will receive only common shares and warrants. The common shares and warrants may be transferred separately, immediately upon issuance. The offering also includes the common shares issuable from time to time upon exercise of the warrants.

Our common shares are presently quoted on the Canadian Securities Exchange, or the CSE, under the symbol "VS" and on the OTC Markets Group Inc. OTCQB quotation system, or the OTCQB, under the symbol "VRSSF." We have applied to have our common shares and Unit A Warrants listed on The Nasdaq Capital Market under the symbols "VS" and "VSSYW," respectively. If we do not meet all of Nasdaq's initial listing criteria and such listings are not approved, we will not complete this offering. On , 2020, the last reported sale price for our common shares on the CSE was C$ and on the OTCQB was US$. There is no established public trading market for the warrants. No assurance can be given that a trading market will develop for the Unit A Warrants on The Nasdaq Capital Market. Quotes for our common shares on the CSE or the OTCQB may not be indicative of the market price on The Nasdaq Capital Market.

We are an "emerging growth company" as that term is used in the Jumpstart Our Business Startups Act of 2012 and a "foreign private issuer" under applicable Securities and Exchange Commission rules and, as such, we have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings. See "Prospectus Summary – Implications of Being an Emerging Growth Company and a Foreign Private Issuer."

The actual offering price per unit was negotiated between the representative of the underwriters and us at the time of pricing. The market price of our common shares is only one of several factors that was considered in determining the actual offering price. See "Underwriting — Market Information."

Investing in our securities involves a high degree of risk. See "Risk Factors" beginning on page 9 of this prospectus for a discussion of information that should be considered in connection with an investment in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Unit[1]	Total
Public offering price	US$	US$
Underwriting discounts and commissions[2]	US$	US$
Proceeds to us, before expenses	US$	US$

(1) The public offering price and underwriting discount in respect of the Units corresponds to (i) a public offering price per common share of US$ and (ii) a public offering price per warrant of US$0.001. Each unit consists of one common share and two warrants, each to purchase one common share.
(2) See "Underwriting" for a description of compensation payable to the Underwriters.

We have granted a 30-day option to the representative of the underwriters to purchase up to additional common shares and/or additional warrants to purchase common shares to be offered by us, solely to cover over-allotments, if any. If the underwriters exercise their right to purchase additional shares and/or warrants to cover over-allotments in full, we estimate that we will receive gross proceeds of US$ from the sale of approximately units being offered, at an assumed public offering price of US$ per unit, the mid-point of the range described on the cover of this prospectus, and net proceeds of US$ after deducting US$ for underwriting discounts and commissions. The securities issuable upon exercise of the underwriter over-allotment option are identical to those offered by this prospectus and have been registered under the registration statement of which this prospectus forms a part.

The underwriters expect to deliver our shares and warrants to purchasers in the offering on or about , 2020.

Lake Street Capital Markets

The date of this prospectus is , 2020.

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS

The registration statement as of which this prospectus forms a part that we have filed with the Securities and Exchange Commission, or SEC, includes exhibits that provide more detail of the matters discussed in this prospectus.

You should read this prospectus and the related exhibits filed with the SEC, together with the additional information described under the heading "Where You Can Find Additional Information."

You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with information different from, or in addition to, that contained in this prospectus or any related free writing prospectus. This prospectus is an offer to sell only the securities offered hereby but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date. Our business, financial condition, results of operations and prospects may have changed since that date.

We are not offering to sell or seeking offers to purchase these securities in any jurisdiction where the offer or sale is not permitted. We have not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the jurisdiction of the United States who come into possession of this prospectus are required to inform themselves about and to observe any restrictions relating to this Offering and the distribution of this prospectus applicable to that jurisdiction.

Unless the context otherwise requires, the terms " our company," "Company, ""we," "us" and "our" refer to Versus Systems Inc. and our subsidiaries.

All service marks, trademarks and trade names referred to in this prospectus are the property of their respective owners. Solely for convenience, the trademarks and trade names in this prospectus are referred to without the ®, © and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto.

We publish our consolidated financial statements in Canadian dollars. In this prospectus, unless otherwise specified, all monetary amounts are in Canadian dollars, all references to "$" and "C$" mean Canadian dollars and all references to "US$," "USD" and "dollars" mean United States dollars.

This prospectus includes our audited annual consolidated financial statements as well as our unaudited condensed consolidated interim financial statements, or the Financial Statements. Our audited consolidated financial statements for the years ended December 31, 2019 and 2018 were prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB, the independent, private-sector body that develops and approves IFRS, and Interpretations issued by the International Financial Reporting Interpretations Committee, or IFRIC. None of the financial statements were prepared in accordance with generally accepted accounting principles in the United States.

Unless indicated otherwise, our financial information in this prospectus has been prepared on a basis consistent with IFRS as issued by the International Accounting Standards Board. In making an investment decision, investors must rely on their own examination of our results and consult with their own professional advisors.

The share and per share information in this prospectus, other than in our Financial Statements and the Notes thereto, reflects the one-for- reverse stock split of our outstanding common shares effected on 2020.

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate is based on information from independent industry and research organizations, other third-party sources (including industry publications, surveys and forecasts), and management estimates. Management estimates are derived from publicly available information released by independent industry analysts and third-party sources, as well as data from our internal research, and are based on assumptions made by us upon reviewing such data and our knowledge of such industry and markets, which we believe to be reasonable. Although we believe the data from these third-party sources is reliable, we have not independently verified any third-party information. In addition, projections, assumptions and estimates of the future performance of the industry in which we operate and our future performance are necessarily subject to uncertainty and risk due to a variety of factors, including those described in "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements." These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. These statements involve risks known to us, significant uncertainties, and other factors which may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by those forward-looking statements.

Some of the statements under "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," and elsewhere in this prospectus constitute "forward-looking statements" that represent our beliefs, projections and predictions about future events. From time to time in the future, we may make additional forward-looking statements in presentations, at conferences, in press releases, in other reports and filings and otherwise. Forward-looking statements are all statements other than statements of historical fact, including statements that refer to plans, intentions, objectives, goals, targets, strategies, hopes, beliefs, projections, prospects, expectations or other characterizations of future events or performance, and assumptions underlying the foregoing. The words "may," "could," "should," "would," "will," "project," "intend," "continue," "believe," "anticipate," "estimate," "forecast," "expect," "plan," "potential," "opportunity," "scheduled," "goal," "target," and "future," variations of such words, and other comparable terminology and similar expressions and references to future periods are often, but not always, used to identify forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements about the following:

- our prospects, including our future business, revenues, expenses, net income, earnings per share, gross margins, profitability, cash flows, cash position, liquidity, financial condition and results of operations, backlog of orders and revenue, our targeted growth rate, our goals for future revenues and earnings, and our expectations about realizing the revenues in our backlog and in our sales pipeline;
- the potential impact of COVID-19 on our business and results of operations;
- the effects on our business, financial condition and results of operations of current and future economic, business, market and regulatory conditions, including the current economic and market conditions and their effects on our customers and their capital spending and ability to finance purchases of our products, services, technologies and systems;
- the effects of fluctuations in sales on our business, revenues, expenses, net income, earnings per share, margins, profitability, cash flows, capital expenditures, liquidity, financial condition and results of operations;
- our products, services, technologies and systems, including their quality and performance in absolute terms and as compared to competitive alternatives, their benefits to our customers and their ability to meet our customers' requirements, and our ability to successfully develop and market new products, services, technologies and systems;
- our markets, including our market position and our market share;
- our ability to successfully develop, operate, grow and diversify our operations and businesses;
- our business plans, strategies, goals and objectives, and our ability to successfully achieve them;
- the sufficiency of our capital resources, including our cash and cash equivalents, funds generated from operations, availability of borrowings under our credit and financing arrangements and other capital resources, to meet our future working capital, capital expenditure, lease and debt service and business growth needs;
- the value of our assets and businesses, including the revenues, profits and cash flows they are capable of delivering in the future;
- the effects on our business operations, financial results, and prospects of business acquisitions, combinations, sales, alliances, ventures and other similar business transactions and relationships;
- industry trends and customer preferences and the demand for our products, services, technologies and systems; and
- the nature and intensity of our competition, and our ability to successfully compete in our markets.

These statements are necessarily subjective, are based upon our current plans, intentions, objectives, goals, strategies, beliefs, projections and expectations, and involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements, or industry results, to differ materially from any future results, performance or achievements described in or implied by such statements. Actual results may differ materially from expected results described in our forward-looking statements, including with respect to correct measurement and identification of factors affecting our business or the extent of their likely impact, the accuracy and completeness of the publicly-available information with respect to the factors upon which our business strategy is based, or the success of our business. Furthermore, industry forecasts are likely to be inaccurate, especially over long periods of time.

Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of whether, or the times by which, our performance or results may be achieved. Forward-looking statements are based on information available at the time those statements are made and management's belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that may cause actual results, our performance or achievements, or industry results to differ materially from those contemplated by such forward-looking statements include, without limitation, those discussed under the caption "Risk Factors" in this prospectus.

PROSPECTUS SUMMARY

This summary highlights principal features of this offering and certain information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our securities. You should read this entire prospectus carefully, including the information presented under "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes appearing elsewhere in this prospectus, before making an investment decision.

OUR BUSINESS

Overview

We offer a proprietary business-to-business software platform that allows video game publishers and developers, as well as other interactive media content creators, to offer in-game prizing and rewards based on the completion of in-content challenges. The prizes or rewards offered are specific to each player or viewer based on a variety of user- and content-based characteristics, including age, location, game played and challenge undertaken. Our platform facilitates several types of single player prize challenges that includes a wide range of prize types, including coupons, sweepstakes-style prizes, consumer packaged goods ("CPG") and downloadable content ("DLC").

We believe our platform is mutually-beneficial across three target groups. By providing in-content prizes or rewards, content providers gain increased and longer interaction by users or viewers with the media experience they offer. Consumer brands offering in-content prizes or rewards see a prolonged and increased interest from players and consumers who view their goods as a positive "win" within their viewing experience rather than as a distraction from the content they are watching as is typically the case with traditional in-content advertising. Players and consumers who are offered prizes or rewards have an increased desire to interact with such content, which increases the value of the content as a supplier of prizing opportunities, of the brands that offer the prizes, and of the experience itself as an interactive and desirable challenge.

We market our platform and its benefits to two industry segments: the owners or developers of consumer brands and their marketing and advertising professionals and the media content creators, owners and platforms. To the owners or marketers of consumer brands, we sell the opportunity to place their products as prizes or rewards in selected on-line games, media or content and we share a certain percentage of the gross receipts we receive from such customers with the owners of the media in which the prizes or rewards are offered. Our current agreements with the owners or marketers of consumer brands provide that we are paid a fee to place their ads in content, the amount of which is based either on the number of ads placed or upon the performance of those ads relative to the brand's goals.

To content creators, owners and platforms, which currently include primarily video game developers and computer hardware manufacturers, we sell the opportunity to include our proprietary platform in their content or hardware and to use such platform as a basis for selling advertising to popular consumer brands. Our current agreements with content or game owners, including HP, Kast and Animoca Brands, provide that from 50% to 60% of advertising revenue will be kept by, or shared with, the publisher or developer, with the remaining 50% to 40% of gross receipts belonging to us. HP, our largest customer having accounted for 99.9% and 99.8% of our total net revenues during the six-months ended June 30, 2020 and the year ended December 31, 2019, respectively, installs our platform in its OMEN and Pavilion brands of personal computers that are manufactured primarily for gamers and general use as a means of increasing usage and desirability of those computers by consumers.

Our platform allows consumers to become active advertising participants by seeking to claim the brand's prizes or rewards as victories won through interactions with a variety of media experiences. Users are no longer "just" winning a game or streaming their favorite film. These interactions now bestow bragging rights on the consumers that extend past the media's original purpose, resulting in winning real world goods and gaining access to experiences.

According to a 2018 study by the University of California, Los Angeles Center for Management of Enterprise in Media, Entertainment and Sports, the introduction of rewards benefits content providers, brands and players in the following perspectives, leading to:

- 34% more play time;
- 77% more live viewers;
- 97% higher satisfaction while interacting with a virtual entertainment experience (i.e., video games);
- 10% increase in audience - 10% of players are new players, downloading the game for the first time because of prizes; and
- 4+ hours of additional engagement per week.

Our technology facilitates advertising as a narrative, not as a distraction. By creating an environment that makes brands part of a desired experience - winning prizes or rewards - we empower content providers and brands to engage consumers more effectively and for more extended periods of time.

Our Strengths

While we believe our overall value is generated from our ability to directly increase player and viewer engagement, we see the following as our core strengths:

- ***Choice and Earned-Rewards is a Better Model for Players***. While we sell our ad units to agencies, brands and companies that seek to reach media players and viewers, our primary goal will always be to make games and media experiences more fun. Our objective is to build ad units that do not increase viewer/player churn, but in fact increase player engagement. We believe our focus on how the player views the experience - offering them choice and an opportunity to both earn the reward and achieve the gratification of a successful win - will be the key differentiator in the in-game and in-app advertising market. While other competitors in the advertising industry may have more reach at the moment, we believe the increasing numbers of players who want the superior experience of rewards rather than banner ads, commercials and un-skippable videos will ultimately win out.

- ***Our Team is Diverse, Accomplished and Effective.*** We have brought together experts in the game industry, software development, advertising, product design and development, and corporate finance. Our Executive Chair, Keyvan Peymani, was the Head of Startup Marketing for Amazon Web Services, and our advisory board includes the former Vice President of Revenue for Activision Blizzard, the Chief Executive Officer of Radley Media, and a number of veterans of the global gaming industry. Our designers and engineers have built hundreds of successful products from games and apps, including the NFL.com fantasy football platform. We are curious, creative, community-oriented problem solvers who have come together to make a world-class software solution. As a result, we have won multiple awards as one of the best places to work in Los Angeles, and one of the best places to work anywhere for millennial women. We are extremely proud of our team and our culture. We believe it allows us to hire, retain, promote and develop the very best talent.

- ***Our Technology is Robust, Scalable and Flexible.*** We have architected a platform that will allow any content publisher to integrate real-world prizes into their system, and allow any brand or agency to place their products, discounts, codes and coupons into an earned-rewards framework. We have software development kits that are compatible with millions of games and apps, as well as ways to work with iOS and Android devices, PCs, consoles, Apple TVs, and other peripherals. The back end of our platform is built in Elixir by some of the world-experts in that language. The Elixir back end allows the type of massively scalable system that will be required for AAA games and app partners with millions of users. The strengths of the code base are its ability to manage huge numbers of concurrent users with localized failure - such that if there is an issue with a single player's match it does not affect larger portions of the system. We can add new features, new games and entire new verticals easily. We can also adapt to changing regulatory environments around prizing, sweepstakes, privacy and other issues by managing our geofencing for where any given prize is offered. Our Dynamic Regulatory Compliance system is the direct result of years of thoughtful system architecture and development - an achievement that we believe sets us apart from competitors.

- ***Our IP portfolio is Strong and Growing***. We have been issued two key patents from the U.S. Patent and Trademark Office (USPTO) with dozens of granted claims around how to offer players prizes in-game at scale. We have been awarded claims covering how to maintain and promote competitive balance in multiplayer games, how to use multi-factor tests to serve up only relevant prizing on a per-player basis, how to use a player's location, game and age to determine eligibility for certain kinds of prizes in certain kinds of single player games, competitive games, tournaments, and synchronous and asynchronous matches. We have several other patent filings in various stages of review at the USPTO and we are working with our technology and legal teams to develop new and defensible IP in this space. We want to be the only real solution for global in-game and in-app rewards.

- ***The Support of Our Partners Helps us Grow***. Our rewards platform is currently deployed in all HP OMEN and HP Pavilion Gaming laptops and desktop computers in the U.S., and we launched our platform with HP in China in August 2020. Our multi-year agreement with HP is to bring rewards to all their players worldwide as a way to differentiate HP hardware and to engage with a massive global audience. Beyond HP, we are also partnered with Animoca Brands, a developer of on-line and mobile games that have been downloaded hundreds of millions of times. We have also partnered with Ludare, a licensed mobile game developer that makes licensed games for titles in the *Men In Black* series. Beyond gaming, we are working with Kast, a video-sharing application with millions of viewers, and are developing partnerships in the fitness/health and wellness industries. As we grow our user base, we believe we will become more desirable for brand and advertising partners and we expect to increase our transactional revenues exponentially while staying on a capital-efficient low-cost trajectory.

Our Growth Strategy

While other forms of advertising technology focus mostly upon increasing monetization only for the advertiser, we believe we change the universe of beneficiaries significantly. Our approach creates simultaneous wins for content providers, brands and consumers. We believe today's audiences not only seek engagement, but are also consummate purveyors of media, with no shortage of content choice. We recognize that keeping engagement high is the key to changing the negative association of traditional media advertising. By creating a prizing opportunity, brand introductions mean a chance to win rather than switching to another tab, source or device while waiting for selected content to return.

Our growth strategy can be summarized into three areas: grow the audience, grow the prize provider pool, and then constantly iterate and improve.

The key elements of our long-term growth strategy include:

- ***Increase Applications and Verticals***. To grow our user base, we will seek to increase the number of games, applications and content providers that have integrated our platform across an increasing number of industries. Part of that process will involve making our platform easier to integrate into a wide variety of media, which we are doing, but the rest is putting our value proposition in front of a larger group of game and app developers. Integrating into new categories and industries allows us a greater pool of potential applications with which to integrate, and therefore a greater pool of potential users. We intend to focus on gaming, streaming media, and health & wellness applications, but may seek to expand to other verticals as opportunities arise. We believe this will significantly grow our user base.

- ***Integrate Into More Devices and Software Languages***. Our platform is currently available in applications running on laptops and desktops, as well as in mobile devices powered by iOS and Android operating systems through a series of software development kits (SDKs) that we have created. We strive to make our rewards platform available to, and compatible with, all kinds of devices. The current engineering roadmap includes additional support for the tens of millions of console gaming systems like the new Xbox and PlayStation consoles. We are also developing features for a number of wearable devices that are in the marketplace, which we believe will increase our user base in the health & wellness vertical.

- ***Develop a Global Reach***. The United States is one of the world's largest gaming markets, with nearly $37 billion in annual revenue according to a Newzoo 2020 Global Games Report. We intend to deepen our penetration of the U.S. market. However, we believe there is significant opportunity for expansion of our offerings into the rest of the world, starting with Asia and Europe. In August 2020, our platform became available for the first time in China, and we plan to expand in Asia and move into Europe in 2021. Because our platform is built to optimize value for a player based on his or her location, we believe we are uniquely positioned to offer location-specific rewards and prizes for players all over the world. As we move into new geographies, we believe we will gain new players and new brands and prize providers that can offer real, local value.

- ***Add More Prizing Partners***. Increasing the number of prize providers - the largest growth area for our company - and the one that will be the most lucrative - is at the center of our growth strategy. We have built out a sales team and we are adding both salespeople and sales assets to pursue both agencies and individual vendors who may want to use our platform to promote their businesses. At the same time, we are also working to make our tools easier for prizing partners to use - including building functionality for businesses that use e-commerce platforms such as the Shopify platform, and for others who want to self-direct their prizing campaigns.

- ***Constantly Improve Outcomes***. We are dedicated to improving the quality of the outcomes for our partners. We have developed a number of tools to evaluate the efficacy of each advertising campaign, and part of our value to our brand partners is providing them with anonymized but actionable information on each of their campaigns on our platform. Our analytics are focused on response rates, transaction rates, customer acquisition cost, and many other aspects of the step-by-step funnel from activation to registration, all the way through to lifetime customer value. We continually review outcomes and if there is a way to improve the transaction rate - to get winners, players or viewers to engage with our brand partners while retaining our core goal of making the media more fun - then we will make the necessary changes to improve those outcomes. This core tenet of our approach requires dedication to research, player and user outreach, surveys, and constant design improvements. We believe this strategy will produce yields in loyalty, affinity and Return on Ad Spend (ROAS) for our partners, which will drive future growth.

- ***Grow Revenues and Market Share***. We are always looking for opportunities to grow through selective acquisitions and while much of our current roadmap is devoted to organic growth, we are also aware of a number of potential partnerships through which we may gain market share through inorganic growth via selective acquisition. Performance marketing is a growing field, as is interactive media advertising, and there may be opportunities to grow our sales team, our service offerings or our reach through acquisition.

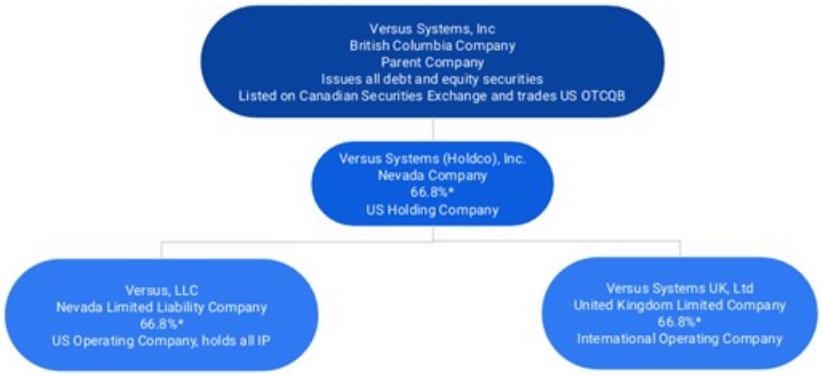
Corporate History and Structure

We were formed by way of an amalgamation under the name McAdam Resources Inc. in the Province of Ontario on December 1, 1988 and subsequently extraprovincially registered in British Columbia on February 2 1989. We changed our name to Boulder Mining Corporation on May 9, 1995 in Ontario and on September 25, 1996 in British Columbia. We continued into British Columbia on January 2, 2007 and concurrently changed our name to Opal Energy Corp. We changed our name to Versus Systems Inc. on June 30, 2016.

On June 26, 2016, we acquired a 37.5% ownership interest in Versus LLC, a privately-held limited liability company organized under the laws of the state of Nevada and then engaged in our current line of business, from existing members (the "Selling Members") in consideration of a cash payment of CDN$1,962,722 (US$1,500,000). On June 30, 2016, we and the Selling Members exchanged 100% of their ownership units in Versus LLC for 8,950.05 common shares of Versus Systems (Holdco) Inc. (formerly known as "Opal Energy (Holdco) Corp.", hereafter referred to as "Holdco"). Consequently, Versus LLC became a wholly-owned subsidiary of Holdco. This share exchange resulted in a reduction of our ownership interest in Holdco from 100% to 38.2%. In addition, we acquired full voting control over all of the Holdco shares held by the Selling Members in exchange for granting them the right to exchange their Holdco shares for such number of our common shares equal to a total value of US$2,500,000, and common share purchase warrants with a total value of US$1,250,000 at an exercise price of CDN$0.20 per share until June 30, 2019. Thereafter, we acquired additional shares of Holdco from the Selling Members through multiple shares purchase transactions and increased our ownership interest in Holdco to 66.8% on June 21, 2019.

Versus Systems UK Ltd. was formed under the Companies Act 2006 in the United Kingdom on July 26, 2019 and is wholly owned by Holdco.

The following diagram illustrates our current corporate structure:



Reverse Stock Split

We effected a one-for- reverse stock split of our common shares on , 2020. The conversion or exercise prices of our issued and outstanding convertible securities, stock options and warrants were adjusted accordingly. All share and per share amounts and the corresponding conversion price or exercise price data presented in this prospectus other than in our financial statements and the notes thereto gives effect to such reverse stock split of our outstanding common shares.

Our Corporate Information

We operate through our majority-owned subsidiary, Versus LLC, a Nevada limited liability company that was organized on August 21, 2013. Our principal executive offices in Canada are located at 1558 Hastings Street, Vancouver, British Columbia V6G 3J4 Canada, and our telephone number is (604) 639-4457. Our principal executive offices in the United States are located at 6701 Center Drive West, Suite 480, Los Angeles, CA 90045, and our telephone number at that address is (424) 226-8588. Our website address is *www.versussystems.com*. The information on or accessed through our website is not incorporated in this prospectus or the registration statement of which this prospectus forms a part.

Implications of Being an Emerging Growth Company and a Foreign Private Issuer

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As such, we are eligible for exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies, including, but not limited to, presenting only two years of audited financial statements in addition to any required unaudited interim financial statements with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure in this prospectus, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation, and an exemption from the requirements to obtain a non-binding advisory vote on executive compensation or golden parachute arrangements.

In addition, an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this provision of the JOBS Act. As a result, we will not be subject to new or revised accounting standards at the same time as other public companies that are not emerging growth companies. Therefore, our consolidated financial statements may not be comparable to those of companies that comply with new or revised accounting pronouncements as of public company effective dates.

We will remain an emerging growth company until the earliest of: (i) the last day of the fiscal year following the fifth anniversary of the consummation of this offering; (ii) the last day of the fiscal year in which we have total annual gross revenue of at least $1.07 billion; (iii) the last day of the fiscal year in which we are deemed to be a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur if the market value of our common shares held by non-affiliates exceeded $700.0 million as of the last business day of the second fiscal quarter of such year; or (iv) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period.

In addition, upon consummation of this offering, we will report under the Exchange Ac, as a non-U.S. company with foreign private issuer status. As a foreign private issuer, we may take advantage of certain provisions in the Nasdaq Listing Rules that allow us to follow Canadian law for certain corporate governance matters. See "Management—Foreign Private Issuer Status." Even after we no longer qualify as an emerging growth company, as long as we qualify as a foreign private issuer under the Exchange Act, we will be exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including:

- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time;
- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events; and
- Regulation Fair Disclosure, or Regulation FD, which regulates selective disclosures of material information by issuers.

OFFERING

Securities offered by us:	units each consisting of one common share and two warrants, a Unit A Warrant and a Unit B Warrant each to purchase one common share. Both warrants included within the units are exercisable immediately and have an exercise price equal to US$ per common share (100% of the public offering price of one unit). The Unit A Warrants will expire five years from the date of issuance. The Unit B Warrants will expire 12 months from the date of issuance. The common shares and each of the warrants comprising the units are immediately separable upon issuance and will be issued separately in this offering. The unit amount referenced above is based on the units being sold at the mid-point of the estimated offering price range of US$ per unit and such unit amount shall change if the unit price is less than US$ in such manner to maintain the gross proceeds at US$ million. For instance, if the unit price is US$ per unit, the number of units to be sold in the offering shall be .
Assumed Public Offering Price:	US$ per unit, which is the mid-point of the estimated offering price range described on the cover of this prospectus.
Common shares outstanding before the offering:	common shares.
Common shares to be outstanding after the offering:	, which excludes common shares issuable upon exercise of the warrants sold in this offering and any securities that would be issued if the underwriters' over-allotment option is exercised.
Overallotment option:	We have granted the representative of the underwriters a 30-day option to purchase up to additional common shares and/or warrants to purchase common shares at a public offering price reflected above, solely to cover over-allotments, if any.
Use of Proceeds:	We intend to use the net proceeds of this offering for the repayment of indebtedness and for general working capital purposes. See "Use of Proceeds."
Risk Factors:	Investing in our securities is highly speculative and involves a high degree of risk. You should carefully consider the information set forth in the "Risk Factors" section beginning on page 9 before deciding to invest in our securities.
Trading Symbol:	Our common shares are currently quoted on the CSE under the trading symbol "VS" and on the OTCQB under the trading symbol "VRSSF". We intend to apply to The Nasdaq Capital Market to list our common shares under the symbol "VS" and our Unit A Warrants to trade under the symbol "VSSYW". No assurance can be given that our applications will be approved. We do not intend to list the Unit B Warrants on any stock market or exchange.
Lock-up:	We and our directors, officers and certain of our principal shareholders have agreed with the underwriters not to offer for sale, issue, sell, contract to sell, pledge or otherwise dispose of any of our common shares or securities convertible into common shares for a period of 90 days after the date of this prospectus. See "Underwriting" section on page 91.

The common shares to be outstanding after this offering is based on shares outstanding as of September 30, 2020, plus the following shares to be issued at the closing of the offering, based upon an estimated public offering price of US$ per unit, the mid-point of the range described on the cover of this prospectus. The common shares to be outstanding after this offering excludes the following:

- common shares issuable upon exercise of outstanding warrants at June 30, 2020 with a weighted average exercise price of $;
- common shares reserved for issuance upon the exercise of outstanding stock options at June 30, 2020 with a weighted average exercise price of $ issued pursuant to our 2017 Stock Option Plan;
- common shares issuable upon conversion of outstanding Versus Systems (Holdco) shares;
- common shares issuable upon exercise of warrants to be issued to the underwriters in connection with this offering; and
- common shares issuable upon exercise of outstanding warrants sold in this offering.

Unless otherwise stated, all information in this prospectus assumes no exercise of the underwriters' over-allotment option to purchase additional common shares and/or warrants.

SELECTED SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables set forth a summary of our historical consolidated financial data as of and for the periods indicated. We have derived the summary consolidated statements of operations and comprehensive loss data for the years ended December 31, 2019 and 2018 from our audited consolidated financial statements, which were prepared in accordance with IFRS, and are included elsewhere in this prospectus. We have derived the summary consolidated statements of operations and comprehensive loss data for the six months ended June 30, 2020 and 2019 and the consolidated balance sheet data as of June 30, 2020 from our unaudited interim consolidated financial statements included elsewhere in this prospectus. You should read this data together with our consolidated financial statements and related notes included elsewhere in this prospectus and the information in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The summary consolidated financial data included in this section are not intended to replace the consolidated financial statements and related notes and is qualified in their entirety by our consolidated financial statements and related notes included elsewhere in this prospectus. Our consolidated financial statements have been prepared in accordance with IFRS and are presented in Canadian dollars except where otherwise indicated. Our historical results are not necessarily indicative of the results to be expected for any other period and our interim results are not necessarily indicative of the results to be expected for the full year ending December 31, 2020.

	Six Months Ended June 30,		Year Ended December 31,	
(in C$, except share and per share data)	**2020**	**2019**	**2019**	**2018**
	(unaudited)			
Consolidated Statements of Operations and Comprehensive Loss Data:				
Revenues	$ 612,626	$ 654,324	$ 664,922	$ 1,620
Expenses				
Cost of sales	-	-	-	170
Amortization	176,796	170,965	327,221	29,642
Amortization of intangible assets	953,230	1,566,813	2,530,590	2,965,035
Consulting fees	315,817	332,967	814,128	1,177,405
Foreign exchange loss (gain)	119,115	(792)	38,797	147,273
General and administrative	982,540	396,353	669,586	1,305,652
Interest expense	154,734	81,554	225,334	77,669
Interest expense on lease obligations	37,863	56,301	104,384	-
Professional fees	533,562	225,952	445,603	621,979
Salaries and wages	1,558,024	1,125,020	3,252,789	2,074,554
Sales and marketing	39,043	52,140	787,398	199,412
Share-based compensation	465,658	408,373	839,249	651,316
	(4,723,756)	(3,761,322)	(9,370,157)	(9,248,487)
Finance expense	(169,064)	(123,766)	-	1,219
Loss on disposal of marketable securities	(508,050)	-	-	-
Other expense	-	-	(257,448)	(125,903)
Loss and comprehensive loss	$ (5,400,870)	$ (3,885,088)	$ (9,627,605)	$ (9,373,171)
Loss and comprehensive loss attributable to:				
Shareholders	$ (4,281,730)	$ (1,999,569)	$ (6,869,121)	$ (4,631,477)
Non-controlling interest	(1,119,140)	(1,885,519)	(2,758,484)	(4,741,694)
	$ (5,400,870)	$ (3,885,088)	$ (9,627,605)	$ (9,373,171)
Basic and diluted loss per common share attributable to Versus Systems Inc.	$	$	$	$
Weighted average common shares outstanding				

(in C$)	June 30, 2020 (unaudited)	December 31, 2019
Consolidated Balance Sheet Data:		
Cash	$ 132,680	$ 99,209
Property and equipment	772,202	948,998
Intangible assets	2,637,410	2,780,347
Total assets	3,872,119	4,042,354
Current liabilities	2,807,000	1,303,778
Notes payable	5,357,281	4,814,767
Total liabilities	9,474,610	6,912,572
Total liabilities and equity	3,872,119	4,042,354

RISK FACTORS

An investment in our securities carries a significant degree of risk. You should carefully consider the following risks, as well as the other information contained in this prospectus, including our historical financial statements and related notes included elsewhere in this prospectus, before you decide to purchase our securities. Any one of these risks and uncertainties has the potential to cause material adverse effects on our business, prospects, financial condition and operating results which could cause actual results to differ materially from any forward-looking statements expressed by us and a significant decrease in the value of our common shares and warrants. Refer to "Cautionary Note Regarding Forward-Looking Statements."

We may not be successful in preventing the material adverse effects that any of the following risks and uncertainties may cause. These potential risks and uncertainties may not be a complete list of the risks and uncertainties facing us. There may be additional risks and uncertainties that we are presently unaware of, or presently consider immaterial, that may become material in the future and have a material adverse effect on us. You could lose all or a significant portion of your investment due to any of these risks and uncertainties.

Risks Related to Our Business

We have a relatively limited operating history and limited revenues to date and thus are subject to risks of business development and you have no basis on which to evaluate our ability to achieve our business objective.

Because we have a relatively limited operating history and limited revenues to date, you should consider and evaluate our operating prospects in light of the risks and uncertainties frequently encountered by early-stage operating companies in rapidly evolving markets. These risks include:

- that we may not have sufficient capital to achieve our growth strategy;
- that we may not develop our product and service offerings in a manner that enables us to be profitable and meet our customers' requirements;
- that our growth strategy may not be successful; and
- that fluctuations in our operating results will be significant relative to our revenues.

Our future growth will depend substantially on our ability to address these and the other risks described in this section. If we do not successfully address these risks, our business could be significantly harmed. To date, we have had minimal revenues. Even if we do achieve profitability, we cannot predict the level of such profitability. If we sustain losses over an extended period of time, we may be unable to continue our business.

We are a holding company and depend upon our subsidiaries for our cash flows.

We are a holding company. All of our operations are conducted, and almost all of our assets are owned, by our subsidiaries. Consequently, our cash flows and our ability to meet our obligations depend upon the cash flows of our subsidiaries and the payment of funds by these subsidiaries to us in the form of dividends, distributions or otherwise. The ability of our subsidiaries to make any payments to us depends on their earnings, the terms of their indebtedness, including the terms of any credit facilities, of which there are currently none, and legal restrictions. While there are no restrictions on the ability of our subsidiaries to make any payments to us, such restrictions may arise in the future. Any failure to receive dividends or distributions from our subsidiaries when needed could have a material adverse effect on our business, results of operations or financial condition.

Future acquisitions or strategic investments could disrupt our business and harm our business, results of operations or financial condition.

We may in the future explore potential acquisitions of companies or strategic investments to strengthen our business. Even if we identify an appropriate acquisition candidate, we may not be successful in negotiating the terms or financing of the acquisition, and our due diligence may fail to identify all of the problems, liabilities or other shortcomings or challenges of an acquired business.

Acquisitions involve numerous risks, any of which could harm our business, including:

- straining our financial resources to acquire a company;
- anticipated benefits may not materialize as rapidly as we expect, or at all;
- diversion of management time and focus from operating our business to address acquisition integration challenges;
- retention of employees from the acquired company;
- cultural challenges associated with integrating employees from the acquired company into our organization;
- integration of the acquired company's accounting, management information, human resources and other administrative systems;
- the need to implement or improve controls, procedures and policies at a business that prior to the acquisition may have lacked effective controls, procedures and policies; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, former shareholders or other third parties.

Failure to appropriately mitigate these risks or other issues related to such strategic investments and acquisitions could result in reducing or completely eliminating any anticipated benefits of transactions, and harm our business generally. Future acquisitions could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, amortization expenses or the impairment of goodwill, any of which could have a material adverse effect on our business, results of operations or financial condition.

We may require additional funding for our growth plans, and such funding may result in a dilution of your investment.

We attempted to estimate our funding requirements in order to implement our growth plans. If the costs of implementing such plans should exceed these estimates significantly or if we come across opportunities to grow through expansion plans that cannot be predicted at this time, and our funds generated from our operations prove insufficient for such purposes, we may need to raise additional funds to meet these funding requirements.

These additional funds may be raised by issuing equity or debt securities or by borrowing from banks or other resources. We cannot assure you that we will be able to obtain any additional financing on terms that are acceptable to us, or at all. If we fail to obtain additional financing on terms that are acceptable to us, we will not be able to implement such plans fully if at all. Such financing even if obtained, may be accompanied by conditions that limit our ability to pay dividends or require us to seek lenders' consent for payment of dividends, or restrict our freedom to operate our business by requiring lender's consent for certain corporate actions.

Further, if we raise additional funds by way of a rights offering or through the issuance of new shares, any shareholders who are unable or unwilling to participate in such an additional round of fund raising may suffer dilution in their investment.

We may not have sufficient capital to fund our ongoing operations, effectively pursue our strategy or sustain our growth initiatives.

Our remaining liquidity and capital resources may not be sufficient to allow us to fund our ongoing operations, effectively pursue our strategy or sustain our growth initiatives. The report of our independent registered public accountants on our financial statements for the years ended December 31, 2019 and 2018 stated that our negative cash flows from operations, inability to finance our day-to-day operations through operations and expectation of further losses indicates that a material uncertainty exists that may cast significant doubt on our ability to continue as a going concern. If we require additional capital resources, we may seek such funds directly from third party sources; however, we may not be able to obtain sufficient equity capital and/or debt financing from third parties to allow us to fund our expected ongoing operations or we may not be able to obtain such equity capital or debt financing on acceptable terms or conditions. Factors affecting the availability of equity capital or debt financing to us on acceptable terms and conditions include:

- our current and future financial results and position;

- the collateral availability of our otherwise unsecured assets;
- the market's, investors' and lenders' view of our industry and products;
- the perception in the equity and debt markets of our ability to execute our business plan or achieve our operating results expectations; and
- the price, volatility and trading volume and history of our common shares.

If we are unable to obtain the equity capital or debt financing necessary to fund our ongoing operations, pursue our strategy and sustain our growth initiatives, we may be forced to scale back our operations or our expansion initiatives, and our business and operating results will be materially adversely affected.

Changes in our relationships with our most significant customer, HP, including the loss or reduction in business from HP, could have an adverse impact on us.

For the six-month period ended June 30, 2020 and the year ended December 31, 2019, one customer, HP, represented 99.9% and 99.8%, respectively, of our total net revenues. Until such time, if ever, that we are able to diversify our customer base and add additional significant customers, the loss of HP as a customer would materially impair our overall consolidated financial condition and our consolidated results of operations. Our contractual relationships with customers, including HP, generally are terminable at will by the customers on short notice and do not require the customer to provide any minimum commitment. Our customers could choose to divert all or a portion of their business with us to one of our competitors, demand rate reductions for our services, require us to assume greater liability that increases our costs, or develop their own prizing or rewards capabilities. Failure to retain our existing customers or enter into relationships with new customers could materially impact the growth in our business and our ability to meet our current and long-term financial forecasts.

Our operations are significantly dependent on changes in public and customer tastes and discretionary spending patterns. Our inability to successfully anticipate customer preferences or to gain popularity for games may negatively impact our profitability.

Our success depends significantly on public and customer tastes and preferences, which can be unpredictable. If we are unable to successfully anticipate customer preferences or increase the popularity of the games that have embedded at our platform, the per capita revenue and overall customer expenditures may decrease, and thereby negatively impact our profitability. In response to such developments, we may need to increase our marketing and product development efforts and expenditures, we may also adjust our product pricing, we may modify the platform itself, or take other actions, which may further erode our profit margins or otherwise adversely affect our results of operations and financial condition. In particular, we may need to expend considerable cost and effort in carrying out extensive research and development to assess the potential interest in our platform and to remain abreast with continually evolving technology and trends.

While we may incur significant expenditures of this nature, including in the future as we continue to expand our operations, there can be no assurance that any such expenditures or investments by us will yield expected or commensurate returns or results, within a reasonable or anticipated time, or at all.

If we fail to keep up with industry trends or technological developments, our business, results of operations and financial condition may be materially and adversely affected.

The gaming industry is rapidly evolving and subject to continuous technological changes. Our success depends on our ability to continue to develop and implement services and solutions that anticipate and respond to rapid and continuing changes in technology and industry developments and offerings to serve the evolving needs of our customers. Our growth strategy is focused on responding to these types of developments by driving innovation that will enable us to expand our business into new growth areas. If we do not sufficiently invest in new technology and industry developments, or evolve and expand our business at sufficient speed and scale, or if we do not make the right strategic investments to respond to these developments and successfully drive innovation, our services and solutions, our results of operations, and our ability to develop and maintain a competitive advantage and continue to grow could be negatively affected. In addition, we operate in a quickly evolving environment in which there currently are, and we expect will continue to be, new technology entrants. New services or technologies offered by competitors or new entrants may make our offerings less differentiated or less competitive, when compared to other alternatives, which may adversely affect our results of operations. Technological innovations may also require substantial capital expenditures in product development as well as in modification of products, services or infrastructure. We cannot assure you that we can obtain financing to cover such expenditures. Failure to adapt our products and services to such changes in an effective and timely manner could materially and adversely affect our business, financial condition and results of operations.

If we cannot continue to develop, acquire, market and offer new products and services or enhancements to existing products and services that meet customer requirements, our operating results could suffer.

The process of developing and acquiring new technology products and services and enhancing existing offerings is complex, costly and uncertain. If we fail to anticipate customers' rapidly changing needs and expectations, our market share and results of operations could suffer. We must make long-term investments, develop, acquire or obtain appropriate intellectual property and commit significant resources before knowing whether our predictions will accurately reflect customer demand for our products and services. If we misjudge customer needs in the future, our new products and services may not succeed and our revenues and earnings may be harmed. Additionally, any delay in the development, acquisition, marketing or launch of a new offering or enhancement to an existing offering could result in customer attrition or impede our ability to attract new customers, causing a decline in our revenue or earnings.

We make significant investments in new products and services that may not achieve expected returns.

We have made and will continue to make significant investments in research, development and marketing for existing products, services and technologies, including developing new Software Development Kits (SDKs) for console gaming, wearables, smart TV systems, AR/VR, new feature sets for our core products, and entirely new products and platforms that we are developing for specific customers, as well as new technology or new applications of existing technology. Investments in new technology are speculative. Commercial success depends on many factors, including but not limited to innovativeness, developer support, and effective distribution and marketing. If customers do not perceive our latest offerings as providing significant new functionality or other value, they may reduce their purchases of our services or products, unfavorably affecting our revenue and profits. We may not achieve significant revenue from new product, service or distribution channel investments, or new applications of existing new product, service or distribution channel investments, for several years, if at all. New products and services may not be profitable, and even if they are profitable, operating margins for some new products and businesses may not be as high as the margins we have experienced historically. Furthermore, developing new technologies is complex and can require long development and testing periods. Significant delays in new releases or significant problems in creating new products or offering new services could adversely affect our revenue and profits.

If we fail to retain existing users or add new users, our results of operations and financial condition may be materially and adversely affected

The size of our users' level of engagement are critical to our success. Our financial performance will be significantly determined by our success in having our products adding, retaining, and engaging active users. To the extent that our active user growth rate slows, our business performance will become increasingly dependent on our ability to increase levels of user engagement in current and new markets. If people do not perceive our products to be useful, reliable, and trustworthy, we may not be able to attract or retain users or otherwise maintain or increase the frequency and duration of their engagement. A decrease in user retention, growth, or engagement could render us less attractive to video game publishers and developers which may have a material and adverse impact on our revenue, business, financial condition, and results of operations. Any number of factors could potentially negatively affect user retention, growth, and engagement, including if:

- users increasingly engage with competing products;
- we fail to introduce new and improved products or if we introduce new products or services that are not favorably received;

- we are unable to successfully balance our efforts to provide a compelling user experience with the decisions made by us with respect to the frequency, prominence, and size of ads and other commercial content that we display;
- there are changes in user sentiment about the quality or usefulness of our products or concerns related to privacy and sharing, safety, security, or other factors;
- we are unable to manage and prioritize information to ensure users are presented with content that is interesting, useful, and relevant to them;
- there are adverse changes in our products that are mandated by legislation, regulatory authorities, or litigation, including settlements or consent decrees;
- technical or other problems prevent us from delivering our products in a rapid and reliable manner or otherwise affect the user experience;
- we adopt policies or procedures related to areas such as sharing our user data that are perceived negatively by our users or the general public;
- we fail to provide adequate customer service to users, developers, or advertisers; or
- we, our software developers, or other companies in our industry are the subject of adverse media reports or other negative publicity.

If we are unable to build and/or maintain relationships with publishers and developers, our revenue, financial results, and future growth potential may be adversely affected.

Our insurance coverage may not adequately protect us against all future risks, which may adversely affect our business and prospects.

We maintain insurance coverage, including for fire, acts of god and perils, terrorism, burglary, money, fidelity guarantee, professional liability including errors and omissions and breach of contract, commercial property, commercial general liability, cyber events including incident response costs, legal, forensic and breach management costs, cyber-crimes, system damage, rectification costs, business interruption and reputational harm, as well as directors' and officers' liability insurance and employee health and medical insurance, with standard exclusions in each instance. While we maintain insurance in amounts that we consider reasonably sufficient for a business of our nature and scale, with insurers that we consider reliable and credit worthy, we may face losses and liabilities that are uninsurable by their nature, or that are not covered, fully or at all, under our existing insurance policies. Moreover, coverage under such insurance policies would generally be subject to certain standard or negotiated exclusions or qualifications and, therefore, any future insurance claims by us may not be honored by our insurers in full, or at all. In addition, our premium payments under our insurance policies may require a significant investment by us.

To the extent that we suffer loss or damage that is not covered by insurance or that exceeds our insurance coverage, the loss will have to be borne by us and our business, cash flow, financial condition, results of operations and prospects may be adversely affected.

Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect our business, investments and results of operations.

We are subject to laws and regulations enacted by national, regional and local governments. In particular, we are required to comply with certain SEC and other legal requirements. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time and those changes could have a material adverse effect on our business, investments and results of operations. In addition, a failure to comply with applicable laws or regulations, as interpreted and applied, could have a material adverse effect on our business and results of operations.

We are dependent upon our executive officers and directors and their departure could adversely affect our ability to operate.

Our operations are dependent upon a relatively small group of individuals and, in particular, our executive officers and directors. We believe that our success depends on the continued service of our executive officers and directors. We do not have key-man insurance on the life of any of our directors or executive officers. The unexpected loss of the services of one or more of our directors or executive officers could have a detrimental effect on us.

Our executive officers, directors, security holders and their respective affiliates may have competitive pecuniary interests that conflict with our interests.

We have not adopted a policy that expressly prohibits our directors, executive officers, security holders or affiliates from having a direct or indirect pecuniary or financial interest in any investment to be acquired or disposed of by us or in any transaction to which we are a party or have an interest. We do not have a policy that expressly prohibits any such persons from engaging for their own account in business activities of the types conducted by us. Accordingly, such persons or entities may have a conflict between their interests and ours.

Public health epidemics or outbreaks, such as COVID-19, could materially and adversely impact our business.

In December 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. While initially the outbreak was largely concentrated in China and caused significant disruptions to its economy, it has now spread to several other countries and infections have been reported globally. Because COVID-19 infections have been reported throughout the United States, certain federal, state and local governmental authorities have issued stay-at-home orders, proclamations and/or directives aimed at minimizing the spread of COVID-19. Additional, more restrictive proclamations and/or directives may be issued in the future.

To protect the health and well-being of our employees and customers, we have implemented work-from-home requirements, made substantial modifications to employee travel policies, and cancelled or shifted marketing and other corporate events to virtual-only formats for the foreseeable future. While we continue to monitor our circumstances and may adjust our current policies as more information and public health guidance become available, these precautionary measures could negatively affect our sales and marketing efforts, delay and lengthen our sales cycles, or create operational or other challenges, any of which could harm our business and results of operations.

While we believe we have not been significantly adversely impacted by COVID-19 to date, we believe COVID-19 continues to present the potential for adverse risks to our company. The potential impacts of COVID-19 on our business, financial condition, and results of operations include, but are not limited to, the following:

- There may be a decrease in the willingness or ability of certain of our customers or partners to move forward with integrations of our platform into their products or media due to restructurings or cutbacks within their organizations or because their business, financial condition or operations have been adversely impacted by COVID-19.

- Our customers could potentially be negatively impacted by the outbreak, which may reduce their budgets for online advertising and marketing in 2020, 2021 and perhaps beyond. As a result, our revenue, gross profit and net income may be negatively impacted in 2020, 2021 and perhaps beyond.

- The situation may worsen if the COVID-19 outbreak continues. Our customers may request additional time to pay us or fail to pay us on time, or at all, which may require us to record additional allowances.

- The global stock markets have experienced, and may continue to experience, significant volatility from the COVID-19 outbreak, which may adversely affect our ability to raise funds in the capital markets.

- If one or more of our employees or customers becomes ill from coronavirus and attributes their infection to us, including through exposure at one of our offices or facilities, we could be subject to allegations of failure to adequately mitigate the risk of exposure. Such allegations could harm our reputation and expose us to the risks of litigation and liability.

The ultimate impact of the COVID-19 pandemic on our operations is unknown and will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the COVID-19 outbreak, new information which may emerge concerning the severity of the COVID-19 pandemic, and any additional preventative and protective actions that governments, or we, may direct, which may result in an extended period of continued business disruption, reduced customer traffic and reduced operations. Any resulting financial impact cannot be reasonably estimated at this time but could have a material adverse impact on our business, financial condition and results of operations.

Our business may be harmed if our licensing partners, or other third parties with whom we do business, act in ways that put our brand at risk.

We offer a business-to-business software platform that allows video game publishers and developers, as well as other interactive media content creators, to offer in-game prizing and rewards, based on the completion of in-content challenges. We anticipate that our business partners shall be given access to sensitive and proprietary information or control over our intellectual property in order to provide services and support to our teams. These third parties may misappropriate our information or intellectual property and engage in unauthorized use of it or otherwise act in a way that places our brand at risk. The failure of these third parties to provide adequate services and technologies, the failure of third parties to adequately maintain or update their services and technologies or the misappropriation or misuse of this information or intellectual property could result in a disruption to our business operations or an adverse effect on our reputation, and may negatively impact our business.

If we fail to keep our existing users highly engaged, to acquire new users, to successfully implement an award-prizes model for our user community, our business, profitability and prospects may be adversely affected.

Our success depends on our ability to maintain and grow the number of users playing our partners' games and other media and keeping our users highly engaged. Of particular importance is the successful deployment and expansion of our award-prizes model to our gaming community for purposes of creating predictable recurring revenues.

A decline in the number of our users may adversely affect the engagement level of our users, the vibrancy of our user community, or the popularity of our award-prizes model, which may in turn reduce our monetization opportunities, and have a material and adverse effect on our business, financial condition and results of operations. If we are unable to attract and retain users, our revenues may decline and our results of operations and financial condition may suffer.

Our failure to protect our intellectual property rights may undermine our competitive position.

We believe that our patents, copyrights, trademarks and other intellectual property are essential to our success. Please see "Business—Intellectual Property" for more details. We depend to a large extent on our ability to develop and maintain the intellectual property rights relating to our existing portfolio of prizing, promotion and financial technologies that enable brands to reach the rapidly-growing competitive gaming audience of players, spectators and broadcasters. We have devoted considerable time and energy to the development and improvement of our portfolio of prizing, promotion and financial technologies intellectual property.

We rely primarily on a combination of patents, copyrights, trademarks and trade secrets laws, and contractual restrictions for the protection of the intellectual property used in our business. Nevertheless, these provide only limited protection and the actions we take to protect our intellectual property rights may not be adequate. Our trade secrets may become known or be independently discovered by our competitors. We may have no or limited rights to stop the use of our information by others. Moreover, to the extent that our employees or third parties with whom we do business use intellectual property owned by others in their work for us, disputes may arise as to the rights to such intellectual property. Preventing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. We can provide no assurance that we will prevail in such litigation. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

Our services or solutions could infringe upon the intellectual property rights of others or we might lose our ability to utilize the intellectual property of others.

We cannot be sure that our services and solutions do not infringe on the intellectual property rights of third parties, and these third parties could claim that we or our clients are infringing upon their intellectual property rights. These claims could harm our reputation, cause us to incur substantial costs or prevent us from offering some services or solutions in the future. Any related proceedings could require us to expend significant resources over an extended period of time. Any claims or litigation in this area could be time-consuming and costly, damage our reputation and/or require us to incur additional costs to obtain the right to continue to offer a service or solution to our clients. If we cannot secure this right at all or on reasonable terms, or we cannot substitute alternative technology, our results of operations could be materially adversely affected. The risk of infringement claims against us may increase as we expand our industry software solutions.

In recent years, individuals and firms have purchased intellectual property assets in order to assert claims of infringement against technology providers and customers that use such technology. Any such action naming us or our clients could be costly to defend or lead to an expensive settlement or judgment against us. Moreover, such an action could result in an injunction being ordered against our client or our own services or operations, causing further damages.

In addition, we rely on third-party software in providing some of our services and solutions. If we lose our ability to continue using such software for any reason, including in the event that the software is found to infringe the rights of others, we will need to obtain substitute software or seek alternative means of obtaining the technology necessary to continue to provide such services and solutions. Our inability to replace such software, or to replace such software in a timely or cost-effective manner, could materially adversely affect our results of operations.

Third parties may register trademarks or domain names or purchase internet search engine keywords that are similar to our trademarks, brands or websites, or misappropriate our data and copy our platform, all of which could cause confusion to our users, divert online customers away from our products and services or harm our reputation.

Competitors and other third parties may purchase trademarks that are similar to our trademarks and keywords that are confusingly similar to our brands or websites in internet search engine advertising programs and in the header and text of the resulting sponsored links or advertisements in order to divert potential customers from us to their websites. Preventing such unauthorized use is inherently difficult. If we are unable to prevent such unauthorized use, competitors and other third parties may continue to drive potential online customers away from our platform to competing, irrelevant or potentially offensive platform, which could harm our reputation and cause us to lose revenue.

Our business is highly dependent on the proper functioning and improvement of our information technology systems and infrastructure. Our business and operating results may be harmed by service disruptions, or by our failure to timely and effectively scale up and adjust our existing technology and infrastructure.

Our business depends on the continuous and reliable operation of our information technology, or IT, systems. Our IT systems are vulnerable to damage or interruption as a result of fires, floods, earthquakes, power losses, telecommunications failures, undetected errors in software, computer viruses, hacking and other attempts to harm our IT systems. Disruptions, failures, unscheduled service interruptions or a decrease in connection speeds could damage our reputation and cause our customers and end-users to migrate to our competitors' platforms. If we experience frequent or constant service disruptions, whether caused by failures of our own IT systems or those of third-party service providers, our user experience may be negatively affected, which in turn may have a material and adverse effect on our reputation and business. We may not be successful in minimizing the frequency or duration of service interruptions. As the number of our end-users increases and more user data are generated on our platform, we may be required to expand and adjust our technology and infrastructure to continue to reliably store and process content.

We use third-party services and technologies in connection with our business, and any disruption to the provision of these services and technologies to us could result in adverse publicity and a slowdown in the growth of our users, which could materially and adversely affect our business, financial condition and results of operations.

Our business partially depends on services provided by, and relationships with, various third parties. We exercise no control over the third parties with whom we have business arrangements. If such third parties increase their prices, fail to provide their services effectively, terminate their service or agreements or discontinue their relationships with us, we could suffer service interruptions, reduced revenues or increased costs, any of which may have a material adverse effect on our business, financial condition and results of operations.

In most cases, we rely on third party consumer-brand partners to fulfil the prizes and rewards for our end users, players, viewers and participants. Disruption of this fulfilment could result in a poor user experience, adverse publicity, and a slowdown in growth of users, which could materially and adversely affect our business, financial condition and results of operations.

Our business depends on rewards, earned by users, being fulfilled correctly by third party consumer-brands with whom we have business arrangements. While we have agreements with those consumer-brands, we do not exercise control over those companies. If, for any reason, our customers do not fulfil the prizes or rewards in a manner that our end users, players and/or viewers expect, we may suffer in the perception of those end users. This could result in loss of players, poor public relations, or lawsuits. Such event(s) would have a material adverse effect(s) on our business, financial condition and may results in a loss of operations.

Risks Related to International Operations

The risks related to international operations, in particular in countries outside of the United States, could negatively affect our results.

We expect to derive up to 50% of our total revenue from transactions denominated in currencies other than the United States dollar, such as the Chinese yuan, the Euro, and the British pound, and we expect that receivables with respect to foreign sales will account for a significant amount of our total accounts and receivables. As such, our operations may be adversely affected by changes in foreign government policies and legislation or social instability and other factors which are not within our control, including, but not limited to, recessions in foreign economies, expropriation, nationalization and limitation or restriction on repatriation of funds, assets or earnings, longer receivables collection periods and greater difficulty in collecting accounts receivable, changes in consumer tastes and trends, renegotiation or nullification of existing contracts or licenses, changes in gaming policies, regulatory requirements or the personnel administering them, currency fluctuations and devaluations, exchange controls, economic sanctions and royalty and tax increases, risk of terrorist activities, revolution, border disputes, implementation of tariffs and other trade barriers and protectionist practices, taxation policies, including royalty and tax increases and retroactive tax claims, volatility of financial markets and fluctuations in foreign exchange rates, difficulties in the protection of intellectual property particularly in countries with fewer intellectual property protections, the effects that evolving regulations regarding data privacy may have on our online operations, adverse changes in the creditworthiness of parties with whom we have significant receivables or forward currency exchange contracts, labor disputes and other risks arising out of foreign governmental sovereignty over the areas in which our operations are conducted. Our operations may also be adversely affected by social, political and economic instability and by laws and policies of such foreign jurisdictions affecting foreign trade, taxation and investment. If our operations are disrupted and/or the economic integrity of our contracts is threatened for unexpected reasons, our business may be harmed.

Our international activities may require protracted negotiations with host governments, national companies and third parties. Foreign government regulations may favor or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. In the event of a dispute arising in connection with our operations in a foreign jurisdiction where we conduct our business, we may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of United States or enforcing United States judgments in such other jurisdictions. We may also be hindered or prevented from enforcing our rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, our activities in foreign jurisdictions could be substantially affected by factors beyond our control, any of which could have a material adverse effect on it. We believe that management's experience to date in commercializing our products, services and solutions in China, Japan, the United Kingdom, the European Union, and other countries and regions around the world may be of assistance in helping to reduce these risks. Some countries in which we may operate may be considered politically and economically unstable.

Doing business in the industries in which we operate often requires compliance with numerous and extensive procedures and formalities. These procedures and formalities may result in unexpected or lengthy delays in commencing important business activities. In some cases, failure to follow such formalities or obtain relevant evidence may call into question the validity of the entity or the actions taken. Our management is unable to predict the effect of additional corporate and regulatory formalities which may be adopted in the future including whether any such laws or regulations would materially increase our cost of doing business or affect our operations in any area.

We may in the future enter into agreements and conduct activities outside of the jurisdictions where we currently carry on business, which expansion may present challenges and risks that we have not faced in the past, any of which could adversely affect our results of operations and/or our financial condition.

We are subject to foreign exchange and currency risks that could adversely affect our operations, and our ability to mitigate our foreign exchange risk through hedging transactions may be limited.

We expect that it will derive up to 50% of our revenues in currencies other than the United States dollar; however, a substantial portion of our operating expenses are incurred in United States dollars. Fluctuations in the exchange rate between the U.S. dollar and other currencies may have a material adverse effect on our business, financial condition and operating results. Our consolidated financial results are affected by foreign currency exchange rate fluctuations. Foreign currency exchange rate exposures arise from current transactions and anticipated transactions denominated in currencies other than United States dollars and from the translation of foreign-currency-denominated balance sheet accounts into United States dollar-denominated balance sheet accounts. We are exposed to currency exchange rate fluctuations because portions of our revenue and expenses are denominated in currencies other than the United States dollar, particularly the Canadian dollar. Exchange rate fluctuations could adversely affect our operating results and cash flows and the value of our assets outside of the United States. If a foreign currency is devalued in a jurisdiction in which we are paid in such currency, then our customers may be required to pay higher amounts for our products or services, which they may be unable or unwilling to pay. Changes in exchange rates and our limited ability or inability to successfully hedge exchange rate risk could have an adverse impact on our liquidity and results of operations.

We may be unable to operate in new jurisdictions where our customers operate because of new regulations.

We are subject to regulation in any jurisdiction where our customers access our systems. To expand into any such jurisdiction we may need to operate according to local regulations. In some cases this may require us to be licensed, or obtain approvals for our products or services. If we do not receive, or receive a revocation of a license in a particular jurisdiction for our products or services, we would not be able to sell or place our products or services in that jurisdiction. Any such outcome could materially and adversely affect our results of operations and any growth plans for our business.

Privacy concerns could result in regulatory changes and impose additional costs and liabilities on us, limit our use of information, and adversely affect our business.

Personal privacy has become a significant issue in the United States and many other countries in which we currently operate and may operate in the future. Many federal, state, and foreign legislatures and government agencies have imposed or are considering imposing restrictions and requirements about the collection, use, and disclosure of personal information obtained from individuals. Changes to laws or regulations affecting privacy could impose additional costs and liability on us and could limit our use of such information to add value for customers. If we were required to change our business activities or revise or eliminate services, or to implement burdensome compliance measures, our business and results of operations could be harmed. In addition, we may be subject to fines, penalties, and potential litigation if we fail to comply with applicable privacy regulations, any of which could adversely affect our business, liquidity and results of operation.

Our results of operations could be affected by natural events in the locations in which we operate or where our customers or suppliers operate.

We, our customers, and our suppliers have operations in locations subject to natural occurrences such as severe weather and other geological events, including hurricanes, earthquakes, or flood that could disrupt operations. Any serious disruption at any of our facilities or the facilities of our customers or suppliers due to a natural disaster could have a material adverse effect on our revenues and increase our costs and expenses. If there is a natural disaster or other serious disruption at any of our facilities, it could impair our ability to adequately supply our customers, cause a significant disruption to our operations, cause us to incur significant costs to relocate or re-establish these functions and negatively impact our operating results. While we intend to seek insurance against certain business interruption risks, such insurance may not adequately compensate us for any losses incurred as a result of natural or other disasters. In addition, any natural disaster that results in a prolonged disruption to the operations of our customers or suppliers may adversely affect our business, results of operations or financial condition.

Risks Related to Regulation

We are subject to various laws relating to trade, export controls, and foreign corrupt practices, the violation of which could adversely affect our operations, reputation, business, prospects, operating results and financial condition.

We are subject to risks associated with doing business outside of the United States, including exposure to complex foreign and U.S. regulations such as the Foreign Corrupt Practices Act, or the FCPA, and other anti-corruption laws which generally prohibit U.S. companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining business. Violations of the FCPA and other anti-corruption laws may result in severe criminal and civil sanctions and other penalties. It may be difficult to oversee the conduct of any contractors, third-party partners, representatives or agents who are not our employees, potentially exposing us to greater risk from their actions. If our employees or agents fail to comply with applicable laws or company policies governing our international operations, we may face legal proceedings and actions which could result in civil penalties, administration actions and criminal sanctions. Any determination that we have violated any anti-corruption laws could have a material adverse impact on our business. Changes in trade sanctions laws may restrict our business practices, including cessation of business activities in sanctioned countries or with sanctioned entities.

Violations of these laws and regulations could result in significant fines, criminal sanctions against us, our officers or our employees, requirements to obtain export licenses, disgorgement of profits, cessation of business activities in sanctioned countries, prohibitions on the conduct of our business and our inability to market and sell our products or services in one or more countries. Additionally, any such violations could materially damage our reputation, brand, international expansion efforts, ability to attract and retain employees and our business, prospects, operating results and financial condition.

Regulations that may be adopted with respect to the internet and electronic commerce may decrease the growth in the use of the internet and lead to the decrease in the demand for our services.

We may become subject to any number of laws and regulations that may be adopted with respect to the internet and electronic commerce. New laws and regulations that address issues such as user privacy, pricing, online content regulation, taxation, advertising, intellectual property, information security, and the characteristics and quality of online products and services may be enacted. As well, current laws, which predate or are incompatible with the internet and electronic commerce, may be applied and enforced in a manner that restricts the electronic commerce market. The application of such pre-existing laws regulating communications or commerce in the context of the internet and electronic commerce is uncertain. Moreover, it may take years to determine the extent to which existing laws relating to issues such as intellectual property ownership and infringement, libel and personal privacy are applicable to the internet. The adoption of new laws or regulations relating to the internet, or particular applications or interpretations of existing laws, could decrease the growth in the use of the internet, decrease the demand for our services, increase our cost of doing business or could otherwise have a material adverse effect on our business, revenues, operating results and financial condition.

Risks Related to Our Common Shares, Our Warrants and this Offering

Once our common shares and Unit A Warrants are listed on The Nasdaq Capital Market, there can be no assurance that we will be able to comply with The Nasdaq Capital Market's continued listing standards.

In connection with the filing of the registration statement of which this prospectus forms a part, we intend to apply to list our common shares and Unit A Warrants on The Nasdaq Capital Market under the symbols "VS" and "VSSYW," respectively. Assuming that our common shares and Unit A Warrants are listed and after the consummation of this offering, there can be no assurance any broker will be interested in trading our common shares and/or Unit A Warrants. Therefore, it may be difficult to sell your common shares and/or Unit A Warrants if you desire or need to do so. Our underwriters are not obligated to make a market in our securities, and even if our underwriters make a market, the underwriters can discontinue such market making activities at any time without notice. Neither we nor the underwriters can provide any assurance that an active and liquid trading market in our securities will develop or, if developed, that such market will continue.

Once our common shares and Unit A Warrants are approved for listing on The Nasdaq Capital Market, if at all, there is no guarantee that we will be able to maintain such listing for any period of time by perpetually satisfying The Nasdaq Capital Market's continued listing requirements. Our failure to continue to meet these requirements may result in our securities being delisted from The Nasdaq Capital Market.

The market price of our common shares and Unit A Warrants are likely to be highly volatile because of several factors, including a limited public float.

Our common share price on the CSE and the OTCQB has experienced significant price and volume fluctuations and is likely to be highly volatile in the future. You may not be able to resell our common shares or Unit A Warrants following periods of volatility because of the market's adverse reaction to volatility.

Other factors that could cause such volatility may include, among other things:

- actual or anticipated fluctuations in our operating results;
- the absence of securities analysts covering us and distributing research and recommendations about us;
- we may have a low trading volume for a number of reasons, including that a large portion of our stock is closely held;
- overall stock market fluctuations;
- announcements concerning our business or those of our competitors;
- actual or perceived limitations on our ability to raise capital when we require it, and to raise such capital on favorable terms;
- conditions or trends in the industry;
- litigation;
- changes in market valuations of other similar companies;
- future sales of common shares;
- departure of key personnel or failure to hire key personnel; and
- general market conditions.

Any of these factors could have a significant and adverse impact on the market price of our common shares and/or our Unit A Warrants. In addition, the stock market in general has at times experienced extreme volatility and rapid decline that has often been unrelated or disproportionate to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common shares and/or Unit A Warrants, regardless of our actual operating performance.

Our common shares have in the past been a "penny stock" under SEC rules, and our Unit A Warrants may be subject to the "penny stock" rules in the future. It may be more difficult to resell securities classified as "penny stock."

In the past (including immediately prior to this offering), our common shares were a "penny stock" under applicable SEC rules (generally defined as non-exchange traded stock with a per-share price below US$5.00). While our common shares (and Unit A Warrants) will not be considered "penny stock" following this offering since they will be listed on The Nasdaq Capital Market, if we are unable to maintain that listing and our common shares and/or our Unit A Warrants are no longer listed on The Nasdaq Capital Market, unless we maintain a per-share price above US$5.00, our common shares and/or Unit A Warrants will be considered "penny stock." These rules impose additional sales practice requirements on broker-dealers that recommend the purchase or sale of penny stocks to persons other than those who qualify as "established customers" or "accredited investors." For example, broker-dealers must determine the appropriateness for non-qualifying persons of investments in penny stocks. Broker-dealers must also provide, prior to a transaction in a penny stock not otherwise exempt from the rules, a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, disclose the compensation of the broker-dealer and its salesperson in the transaction, furnish monthly account statements showing the market value of each penny stock held in the customer's account, provide a special written determination that the penny stock is a suitable investment for the purchaser, and receive the purchaser's written agreement to the transaction.

Legal remedies available to an investor in "penny stocks" may include the following:

- If a "penny stock" is sold to the investor in violation of the requirements listed above, or other federal or states securities laws, the investor may be able to cancel the purchase and receive a refund of the investment.

- If a "penny stock" is sold to the investor in a fraudulent manner, the investor may be able to sue the persons and firms that committed the fraud for damages.

These requirements may have the effect of reducing the level of trading activity, if any, in the secondary market for a security that becomes subject to the penny stock rules. The additional burdens imposed upon broker-dealers by such requirements may discourage broker-dealers from effecting transactions in our securities, which could severely limit the market price and liquidity of our securities. These requirements may restrict the ability of broker-dealers to sell our common shares or our warrants and may affect your ability to resell our common shares and our Unit A Warrants.

Many brokerage firms will discourage or refrain from recommending investments in penny stocks. Most institutional investors will not invest in penny stocks. In addition, many individual investors will not invest in penny stocks due, among other reasons, to the increased financial risk generally associated with these investments.

For these reasons, penny stocks may have a limited market and, consequently, limited liquidity. We can give no assurance at what time, if ever, our common shares or our Unit A Warrants will not be classified as a "penny stock" in the future.

We are subject to the continued listing criteria of the CSE, and our failure to satisfy these criteria may result in delisting of our common shares from the CSE and could also jeopardize our continued ability to trade in the United States on The Nasdaq Capital Market.

Our common shares are currently listed for trading on the CSE and will be listed for trading on The Nasdaq Capital Market upon the consummation of this offering. In order to maintain the listing on the CSE or any other securities exchange we may trade on, we must maintain certain financial and share distribution targets, including maintaining a minimum number of public shareholders. In addition to objective standards, these exchanges may delist our securities if, in the exchange's opinion, our financial condition and/or operating results appear unsatisfactory; if it appears that the extent of public distribution or the aggregate market value of the security has become so reduced as to make continued listing inadvisable; if we sell or dispose of our principal operating assets or cease to be an operating company; if we fail to comply with the listing requirements; or if any other event occurs or any condition exists which, in their opinion, makes continued listing on the exchange inadvisable.

If the CSE or Nasdaq were to delist our common shares, investors may face material adverse consequences, including, but not limited to, a lack of trading market for our common shares, reduced liquidity, decreased analyst coverage, and/or an inability for us to obtain additional financing to fund our operations.

If the benefits of any proposed acquisition do not meet the expectations of investors, shareholders or financial analysts, the market price of our common shares and/or Unit A Warrants may decline.

If the benefits of any proposed acquisition do not meet the expectations of investors or securities analysts, the market price of our common shares and/or Unit A Warrants prior to the closing of the proposed acquisition may decline. The market values of our common shares and/or Unit A Warrants at the time of the proposed acquisition may vary significantly from their prices on the date the acquisition target was identified.

In addition, broad market and industry factors may materially harm the market price of our common shares and/or Unit A Warrants irrespective of our operating performance. The stock market in general has experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of our securities, may not be predictable. A loss of investor confidence in the market for retail stocks or the stocks of other companies which investors perceive to be similar to us could depress the price of our common shares and/or Unit A Warrants regardless of our business, prospects, financial conditions or results of operations. A decline in the market price of our securities also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future.

Our management team will have immediate and broad discretion over the use of the net proceeds from this offering and we may use the net proceeds in ways with which you disagree.

The net proceeds from this offering will be immediately available to our management to use at their discretion. We currently intend to use the net proceeds from this offering to repay certain outstanding indebtedness fund the expansion of our operations, working capital and general corporate purposes. See "Use of Proceeds." Other than the repayment of US$250,000 principal amount of indebtedness, we have not allocated specific amounts of the net proceeds from this offering for any of the foregoing purposes. Accordingly, our management will have significant discretion and flexibility in applying the net proceeds of this offering. You will be relying on the judgment of our management with regard to the use of these net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. It is possible that the net proceeds will be invested in a way that does not yield a favorable, or any, return for us or our shareholders. The failure of our management to use such funds effectively could have a material adverse effect on our business, prospects, financial condition, and results of operation.

You will experience immediate and substantial dilution as a result of this offering and may experience additional dilution in the future.

You will incur immediate and substantial dilution as a result of this offering. After giving effect to the sale by us of up to US$ in units (of which our common shares forms a part) offered in this offering, at a public offering price of US$ per unit, and after deducting the underwriters' discounts and commissions and other estimated offering expenses payable by us, investors in this offering can expect an immediate dilution of US$ per share, or %, at the assumed public offering price. We also have a large number of outstanding stock options to purchase common shares with exercise prices that are below the public offering price of our common shares. To the extent that these options are exercised, you will experience further dilution.

Shares eligible for future sale may adversely affect the market.

From time to time, certain of our shareholders may be eligible to sell all or some of their common shares by means of ordinary brokerage transactions in the open market pursuant to Rule 144 promulgated under the Securities Act of 1933, as amended, or the Securities Act, subject to certain limitations. In general, pursuant to Rule 144, non-affiliate shareholders may sell freely after six months, subject only to the current public information requirement. Affiliates may sell after six months, subject to the Rule 144 volume, manner of sale (for equity securities), current public information, and notice requirements. Of the approximately common shares outstanding as of , 2020, approximately shares are tradable without restriction. Given the limited trading of our common shares, resale of even a small number of our common shares pursuant to Rule 144 or an effective registration statement may adversely affect the market price of our common shares.

We have never paid dividends on our common shares and may not do so in the future.

Holders of our common shares are entitled to receive such dividends as may be declared by our board of directors. To date, we have paid no cash dividends on our common shares and we do not expect to pay cash dividends on our common shares in the foreseeable future. We intend to retain future earnings, if any, to provide funds for operations of our business. Therefore, any return investors in our common shares may have will be in the form of appreciation, if any, in the market value of their common shares. See "Dividend Policy."

If an active, liquid trading market for our Unit A Warrants does not develop, you may not be able to sell your Unit A Warrants quickly or at a desirable price.

The Unit A Warrants forming a part of the units issued in this offering will be immediately exercisable and expire on the fifth anniversary of the date of issuance. The Unit A Warrants will have an initial exercise price per share equal to US$. In the event that the stock price of our common shares does not exceed the exercise price of the Unit A Warrants during the period when the Unit A Warrants are exercisable, the Unit A Warrants may not have any value.

There is no established trading market for the Unit A Warrants sold in this offering, and to the extent a market develops, such market for the Unit A Warrants may be highly volatile or may decline regardless of our operating performance. We have applied for the Unit A Warrants offered in this offering to be listed on The Nasdaq Capital Market under the symbol "VSSYW". However, an active public market for our Unit A Warrants may not develop or be sustained. We cannot predict the extent to which investor interest in our company will lead to the development of an active trading market in our Unit A Warrants or how liquid that market might become. If a market does not develop or is not sustained, it may be difficult for you to sell your Unit A Warrants at the time you wish to sell them, at a price that is attractive to you, or at all.

Holders of our warrants will have no rights as a common shareholder until they acquire our common shares.

Until you acquire our common shares upon exercise of your warrants, you will have no rights as a shareholder in respect of the common shares underlying such warrants. Upon exercise of your warrants, you will be entitled to exercise the rights of a common shareholder only as to matters for which the record date occurs after the exercise date.

Our articles and certain Canadian legislation contain provisions that may have the effect of delaying or preventing a change in control.

Certain provisions of our articles could discourage potential acquisition proposals, delay or prevent a change in control and limit the price that certain investors may be willing to pay for our common shares. The material differences between the British Columbia Business Corporations Act, or BCBCA, and Delaware General Corporation Law, or DGCL, that may have the greatest such effect include, but are not limited to, the following: (i) for certain corporate transactions (such as mergers and amalgamations or amendments to our articles) the BCBCA generally requires the voting threshold to be a special resolution approved by 66 2/3% of shareholders, whereas DGCL generally only requires a majority vote; and (ii) under the BCBCA a holder of 5% or more of our common shares can requisition a special meeting of shareholders, whereas such right does not exist under the DGCL.

In addition, a non-Canadian must file an application for review with the Minister responsible for the Investment Canada Act and obtain approval of the Minister prior to acquiring control of a "Canadian Business" within the meaning of the Investment Canada Act, where prescribed financial thresholds are exceeded. Finally, limitations on the ability to acquire and hold our common shares may be imposed by the Competition Act (Canada). The Competition Act (Canada) establishes a pre-merger notification regime for certain types of merger transactions that exceed certain statutory shareholding and financial thresholds. Transactions that are subject to notification cannot be closed until the required materials are filed and the applicable statutory waiting period has expired or been waived by the Commissioner. However, the Competition Act (Canada) permits the Commissioner of Competition to review any acquisition or establishment, directly or indirectly, including through the acquisition of shares, of control over or of a significant interest in us, whether or not it is subject to mandatory notification. Otherwise, there are no limitations either under the laws of Canada or British Columbia, or in our articles on the rights of non-Canadians to hold or vote our common shares. Any of these provisions may discourage a potential acquirer from proposing or completing a transaction that may have otherwise presented a premium to our shareholders. We cannot predict whether investors will find our company and our common shares less attractive because we are governed by foreign laws.

Because we are a corporation incorporated under the laws of British Columbia and some of our directors and officers are residents of Canada, it may be difficult for investors in the United States to enforce civil liabilities against us based solely upon the U.S. federal securities laws. Similarly, it may be difficult for Canadian investors to enforce civil liabilities against our directors and officers residing outside of Canada.

We are a corporation incorporated under the laws of British Columbia. Some of our directors and officers and the auditors or other experts named herein are residents of Canada and all or a substantial portion of our assets and those of such persons are located outside the United States. Consequently, it may be difficult for U.S. investors to effect service of process within the United States upon us or our directors or officers or such auditors who are not residents of the United States, or to realize in the United States upon judgments of courts of the United States predicated upon civil liabilities under the U.S. federal securities laws. Investors should not assume that Canadian courts: (1) would enforce judgments of U.S. courts obtained in actions against us or such persons predicated upon the civil liability provisions of the U.S. federal securities laws or the securities or blue sky laws of any state within the United States or (2) would enforce, in original actions, liabilities against us or such persons predicated upon the U.S. federal securities laws or any such state securities or blue sky laws.

As a result of becoming a reporting company under the Exchange Act, we will be obligated to develop and maintain proper and effective internal controls over financial reporting and any failure to maintain the adequacy of these internal controls may adversely affect investor confidence in our company and, as a result, the value of our common shares.

We will be required, pursuant to Section 404 of the Sarbanes-Oxley Act, or Section 404, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for the first fiscal year beginning after the effective date of this offering. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. Our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting until our first annual report required to be filed with the SEC following the date we are no longer an emerging growth company, as defined in the JOBS Act. We will be required to disclose significant changes made in our internal control procedures on a quarterly basis.

We are beginning the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404, and we may not be able to complete our evaluation, testing and any required remediation in a timely fashion. Our compliance with Section 404 will require that we incur substantial accounting expense and expend significant management efforts. While we currently have an internal audit group, we may need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and compile the system and process documentation necessary to perform the evaluation needed to comply with Section 404.

During the evaluation and testing process of our internal controls, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective. We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. If we are unable to conclude that our internal control over financial reporting is effective, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our common shares could decline, and we could be subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

We are an emerging growth company within the meaning of the Securities Act, and if we take advantage of certain exemptions from disclosure requirements available to emerging growth companies, this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies.

We are an "emerging growth company" within the meaning of the Securities Act, as modified by the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor internal controls attestation requirements of Section 404, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, our shareholders may not have access to certain information they may deem important. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of our common shares held by non-affiliates exceeds US$700 million as of any November 30 before that time, in which case we would no longer be an emerging growth company as of the following May 31. We cannot predict whether investors will find our securities less attractive because we will rely on these exemptions. If some investors find our securities less attractive as a result of our reliance on these exemptions, the trading prices of our securities may be lower than they otherwise would be, there may be a less active trading market for our securities and the trading prices of our securities may be more volatile.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We have elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

We will incur increased costs as a result of operating as reporting company under the Exchange Act, and our management will be required to devote substantial time to compliance with our reporting company responsibilities and corporate governance practices.

As a reporting company under the Exchange Act, and particularly after we are no longer an "emerging growth company," we will incur significant legal, accounting and other expenses that we did not incur as a non-reporting company. The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of The Nasdaq Capital Market and other applicable securities rules and regulations impose various requirements on public companies. We will also become obligated to file with the Canadian securities regulators similar reports pursuant to securities laws and regulations applicable in all the provinces and territories of Canada in which we will be a reporting issuer. Compliance with these laws and regulations will increase our legal and financial compliance costs and make some activities more difficult, time-consuming or costly. Our management and other personnel will need to devote a substantial amount of time to compliance with these requirements. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain directors' and officers' liability insurance, which could make it more difficult for us to attract and retain qualified members of our board of directors. We cannot predict or estimate the amount of additional costs we will incur as a public company or the timing of such costs.

We are a foreign private issuer under the rules and regulations of the SEC and, thus, are exempt from a number of rules under the Exchange Act and are permitted to file less information with the SEC than a company incorporated in the U.S.

As a foreign private issuer under the Exchange Act, we are exempt from certain rules under the Exchange Act, including the proxy rules, which impose certain disclosure and procedural requirements for proxy solicitations. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies with securities registered under the Exchange Act; we are not required to file financial statements prepared in accordance with U.S. generally accepted accounting principles; and we are not required to comply with SEC Regulation FD, which imposes certain restrictions on the selective disclosure of material information. In addition, our officers, directors and principal shareholders are not subject to the reporting or short-swing profit recovery provisions of Section 16 of the Exchange Act or the rules under the Exchange Act with respect to their purchases and sales of our common shares. Accordingly, you may receive less information about us than you would receive about a company incorporated in the United States and may be afforded less protection under the U.S. federal securities laws than you would be afforded with respect to a company incorporated in the United States. If we lose our status as a foreign private issuer at some future time, we will no longer be exempt from such rules and, among other things, will be required to file periodic reports and financial statements as if we were a company incorporated in the United States. The costs incurred in fulfilling these additional regulatory requirements could be substantial.

Additionally, pursuant to the Nasdaq Listing Rules, as a foreign private issuer, we may elect to follow our home country practice in lieu of the corporate governance requirements of the Nasdaq Listing Rules, with the exception of those rules that are required to be followed pursuant to the provisions of the Nasdaq Listing Rules. We have elected to follow Canadian practices in lieu of the requirements of the Nasdaq Listing Rules to the extent permitted under Nasdaq Listing Rule 5615(a)(3).

U.S. Holders of our common shares may suffer adverse tax consequences if we are treated as a passive foreign investment company.

A non-U.S. corporation generally will be treated as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes, in any taxable year if either (1) at least 75% of its gross income for such year is passive income (such as interest income) or (2) at least 50% of the value of its assets (based on an average of the quarterly values of the assets) during such year is attributable to assets that produce or are held for the production of passive income. Based on the current and anticipated composition of the income, assets and operations of the Company and its subsidiaries, we do not believe that we will be a PFIC for U.S. federal income tax purposes for the current taxable year or for future taxable years. However, the application of the PFIC rules is subject to uncertainty in several respects, and a separate determination must be made after the close of each taxable year as to whether we are a PFIC for that year. Changes in the composition of our income or assets may cause us to become a PFIC. Accordingly, there can be no assurance that we will not be a PFIC for any taxable year. If we are a PFIC for any taxable year during which a U.S. Holder (as that term is defined below in "Material U.S. Federal Income Tax Considerations for U.S. Holders") holds our common shares, such U.S. Holder may be subject to adverse tax consequences. In particular, absent certain elections, a U.S. Holder would generally be subject to U.S. federal income tax at ordinary income tax rates, plus a possible interest charge, in respect of a gain derived from a disposition of our common shares, as well as certain distributions by us. The PFIC rules are complex, and each prospective investor is strongly urged to consult its tax advisors regarding the application of these rules to such investor's particular circumstances. See "Material United States Federal Income Tax Considerations for U.S. Holders".

Changes to tax laws may have an adverse impact on us and holders of our common shares.

Changes in tax laws, including amendments to tax laws, changes in the interpretation of tax laws, or changes in the administrative pronouncements or positions by the Canada Revenue Agency, or CRA, may have a material adverse effect on us. In addition, tax authorities could disagree with us on tax filing positions taken by us and any reassessment of our tax filings could result in material adjustments of tax expense, income taxes payable and deferred income taxes.

Changes in tax laws, including amendments to tax laws, changes in the interpretation of tax laws or changes in the administrative pronouncements or positions by the CRA, may also have a material adverse effect on our shareholders and their investment in our common shares. Purchasers of our common shares should consult their tax advisors regarding the potential tax consequences associated with the acquisition, holding and disposition of our common shares in their particular circumstances.

CURRENCY AND EXCHANGE RATE INFORMATION

The following table sets forth, for each period indicated, the period-end and the high and low exchange rate for U.S. dollars expressed in Canadian dollars, and the average exchange rate for the periods indicated. These rates are based on the noon buying rate certified for custom purposes by the U.S. Federal Reserve Bank of New York set forth in the H.10 statistical release of the Federal Reserve Board. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this prospectus or will use in the preparation of any other reports or information to be provided to you. We make no representation that any Canadian dollar or U.S. dollar amounts referred to in this prospectus could have been or could be converted into U.S. dollars or Canadian dollars, as the case may be, at any particular rate or at all. We maintain our books and records and have presented our results of operations in Canadian dollars.

On , 2020, the noon buying rate was US$1.00 = C$.

	Period End	Period Average	Low	High
		(C$ per US$)		
Year Ended December 31:				
2013	1.0637	1.0300	0.9839	1.0697
2014	1.1601	1.1043	1.0634	1.1644
2015	1.3839	1.2791	1.1725	1.3970
2016	1.3426	1.3243	1.2544	1.4592
2017	1.2517	1.2984	1.2131	1.3745
2018	1.3644	1.2957	1.2280	1.3650
2019	1.2962	1.3269	1.2962	1.3591
2020:				
January	1.3220	1.3089	1.2964	1.3220
February	1.3411	1.3286	1.3217	1.3411
March	1.4123	1.3960	1.3334	1.4539
April	1.3911	1.4048	1.3903	1.4222
May	1.3809	1.3972	1,3763	1.4143
June	1.3614	1.3551	1.3379	1.3695
July	1.3384	1.3497	1.3364	1.3606
August	1.3042	1.3222	1.3042	1.3377
September	1.3339	1.3222	1.3055	1.3396
October	1.3318	1.3214	1.3122	1.3349

USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately US$ million (or US$ million if the underwriters exercise their option to purchase additional units in full) assuming a public offering price of US$ per unit, the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Each US$1.00 increase or decrease in the assumed public offering price of US$ per unit would increase or decrease, as applicable, the net proceeds to us from this offering, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, by approximately US$ million , assuming that the number of units offered by us, as set forth on the cover page of this prospectus, remains the same. We may also increase or decrease the number of units we are offering. Each increase or decrease of 1.0 million units in the number of units we are offering at the assumed public offering price of US$ per share would increase or decrease, as applicable, the net proceeds to us from this offering, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, by approximately US$ million.

We currently intend to use the net proceeds from this offering to repay in full at the closing of this offering a loan from The Sandoval Pierce Family Trust Established May 20, 2015, whose trustee is our Chief Executive Officer, Matthew Pierce, in the principal amount of US$250,000 and the balance for working capital and general corporate purposes, including marketing and sales expenses, the costs and expenses of our continuing development of our prizing and rewards platform and salaries and wages. General corporate purposes may also include capital expenditures. Due to the uncertainties inherent in the product development process, it is difficult to estimate with certainty the exact amounts of the net proceeds from this offering that may be used for the above purposes. The amounts and timing of our actual expenditures will depend upon numerous factors, including the progress of our product development activities, any collaborations that we may enter into with third parties for our products or strategic opportunities that become available to us, our sales and marketing and commercialization efforts, our operating costs, as well as unforeseen cash needs. The loan we received from The Sandoval Pierce Family Trust Established May 20, 2015 was made on March 12, 2020, matures on March 12, 2022, bears interest at a variable rate equal to the prime rate of the Bank of Canada and was also used for working capital and general corporate purposes.

We would receive additional gross proceeds of US$ if all of the warrants included in the units are exercised, assuming no exercise of the underwriter's over-allotment option and the representative's warrants. We intend to use any such proceeds for working capital and general corporate purposes.

Based on our current business plan, we believe that our existing cash, together with the net proceeds from this offering as described above, will be sufficient to enable us to fund our operating expenses and capital expenditure requirements through the 12 month period following completion of the offering. We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect.

Pending their use as described above, we plan to invest the net proceeds in short-term, interest-bearing obligations, investment-grade instruments, certificates of deposit or guaranteed obligations of the U.S. government.

MARKET FOR COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

Market Information For Common Shares

Our common shares are traded under the ticker symbol "VS" on the CSE and under the ticker symbol "VRSSF" on the OTCQB tier of the OTC Markets, Inc. On , 2020, the closing price of our common shares on the CSE was C$ and the closing bid price of our common shares on the OTCQB was US$.

Holders

As at August 11, 2020, the registrar and transfer agent for our common shares reported that there were common shares of our company issued and outstanding. Of these, were registered to Canadian residents, including shares registered to CDS & Co., which is a nominee of the Canadian Depository for Securities Limited. The shares were registered to 917 shareholders in Canada, one of which is CDS & Co. of our shares were registered to residents of the United States, including shares registered to CEDE & Co., which is a nominee of Depository Trust Company. The shares were registered to 378 shareholders in the United States, one of which is CEDE & Co. of our shares were registered to residents of other foreign countries (12 shareholders).

Dividends

We have not declared any common share dividends to date. We have no present intention of paying any cash dividends on our common share in the foreseeable future, as we intend to use earnings, if any, to generate growth. The payment by us of dividends, if any, in the future, is within the discretion of our board of directors and will depend upon, among other things, our earnings, capital requirements and financial condition, as well as other relevant factors. There are no material restrictions in our articles that restrict us from declaring dividends.

CAPITALIZATION

The table below sets forth our cash and cash equivalents and capitalization as of June 30, 2020:

- on an actual basis;
- on a pro forma basis to reflect the private sale of 12,760,500 units, each unit consisting of one common share and a warrant to purchase one common share, for a purchase price of $0.25 per unit, subsequent to June 30, 2020; and
- on a pro forma as adjusted basis to give effect to the sale of units by us in this offering at the assumed public offering price of US$ per unit, the midpoint of the estimated price range set forth on the cover page of this prospectus, and to reflect the application of the proceeds after deducting the estimated 8% underwriting discounts and commissions and approximately US$ estimated offering expenses payable by us.

The pro forma information set forth in the table below is illustrative only and will be adjusted based on the actual public offering price and other terms of this offering determined at pricing. You should read the information in this table together with our financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this prospectus.

	As of June 30, 2020		
	Actual	Pro forma	Pro forma As Adjusted
		(unaudited)	
Cash and Cash Equivalents[(1)]	$ 132,680	$ 3,190,125	$
Liabilities:			
Government note	622,453	622,453	
Notes payable	5,357,281	5,357,281	
Total liabilities	9,474,610	9,474,610	
Equity			
Share capital			
Common shares, no par value; unlimited shares authorized and shares issued and outstanding on an actual basis, shares issued and outstanding on a pro forma basis and shares issued and outstanding on a pro forma as adjusted basis	101,939,229	105,129,354	
Class A shares; 5,057 shares authorized and 5,057 issued and outstanding on an actual and on a pro forma and a pro forma as adjusted basis	37,927	37,927	
Reserves	10,367,312	10,367,312	
Deficit	(110,803,369)	(110,803,369)	
Total Equity before non-controlling interest	1,541,099	4,731,224	
Non-controlling interest	(7,143,590)	(7,143,224)	
Total Equity	(5,602,491)	(2,412,000)	
Total Liabilities and Equity	$ 3,872,119	$ 7,062,610	$

(1) The net proceeds of this offering have been converted from U.S. dollars to Canadian dollars for convenience only using the noon buying rate for Canadian dollars in New York City, as certified for customs purposes by the Federal Reserve Bank of New York, on , 2020, of $1.00=US$.

Each US$1.00 increase (decrease) in the assumed public offering price of US$ per unit would increase (decrease) the pro forma as adjusted net tangible cash and cash equivalents after giving effect to this offering by approximately C$ million assuming no change to the number of units offered by us as set forth on the front cover page of this prospectus and after deducting the estimated underwriting commissions and expenses payable by us.

The foregoing table and calculations are based on of our common shares outstanding as of June 30, 2020, and excludes:

- common shares issuable upon exercise of outstanding warrants at June 30, 2020 with a weighted average exercise price of $;
- common shares reserved for issuance upon the exercise of outstanding stock options at June 30, 2020 with a weighted average exercise price of $ issued pursuant to our 2017 Stock Option Plan;
- common shares issuable upon conversion of outstanding Versus Systems (Holdco) shares;
- common shares issuable upon exercise of warrants to be issued to the underwriters in connection with this offering; and
- common shares issuable upon exercise of outstanding warrants sold in this offering.

DILUTION

If you invest in our units in this offering, your ownership interest in our common shares will be diluted immediately to the extent of the difference between the public offering price per common share and the pro forma net tangible book value per common share immediately after this offering.

As of June 30, 2020, we had a historical net tangible book value (deficit) of $(8,239,901), or $ per common share based on common shares outstanding at June 30, 2020. Our historical net tangible book value per share is the amount of our total tangible assets less our total liabilities at June 30, 2020, divided by the number of our common shares outstanding at June 30, 2020.

Dilution results from the fact that the per common share public offering price is substantially in excess of the book value per common share attributable to the existing shareholders for our presently outstanding common shares. After giving effect to our issuance and sale of units in this offering at an assumed public offering price of US$ per unit, the midpoint of the estimated offering price range set forth on the cover of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, the pro forma as adjusted net tangible book value as of June 30, 2020 would have been $, or $ per common share, based on an assumed conversion rate of the net proceeds of this offering from U.S. dollars to Canadian dollars for convenience only using the noon buying rate for Canadian dollars in New York City, as certified for customs purposes by the Federal Reserve Bank of New York, on , 2020, of $1.00=US$ .. This represents an immediate increase in pro forma as adjusted net tangible book value of $ per common share to existing shareholders and immediate dilution of $ per common share to new investors purchasing common shares in this offering.

The following table illustrates the estimated net tangible book value per common share after this offering and the per common share dilution to persons purchasing common shares in this offering based on the foregoing offering assumptions, including the assumed conversion rate of the net proceeds of this offering from U.S. dollars to Canadian dollars:

	$	**US$**
Assumed offering price per unit	$	$
Net tangible book value per common share as of June 30, 2020	$	$
Increase in net tangible book value per common share attributable to investors participating in this offering	$	$
Pro forma net tangible book value per common share immediately after this offering	$	$
Dilution per common share to investors participating in this offering	$	$

A US$1.00 increase (decrease) in the assumed public offering price of US$ per unit would increase (decrease) the pro forma net tangible book value per share by approximately $ (US$) and the dilution in pro forma net tangible book value per share to investors participating in this offering by $ (US$) per share, assuming that the number of common shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions, non-accountable expense allowance, and offering expenses payable by us.

The foregoing table and calculations are based on of our common shares outstanding as of June 30, 2020, and excludes:

- common shares issuable upon exercise of outstanding warrants at June 30, 2020 with a weighted average exercise price of $;
- common shares reserved for issuance upon the exercise of outstanding stock options at June 30, 2020 with a weighted average exercise price of $ issued pursuant to our 2017 Stock Option Plan;
- common shares issuable upon conversion of outstanding Versus Systems (Holdco) shares;
- common shares issuable upon exercise of warrants to be issued to the underwriters in connection with this offering; and
- common shares issuable upon exercise of outstanding warrants sold in this offering.

The information discussed above is illustrative only and will adjust based on the actual public offering price, the actual number of units that we offer in this offering, and other terms of this offering determined at pricing. In addition, the information discussed above assumes no exercise of the underwriter's over-allotment option.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our audited consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

The following discussion and analysis of our financial condition and results of operations for the years ended December 31, 2019 and 2018 should be read in conjunction with our consolidated financial statements and related notes to those consolidated financial statements that are included elsewhere in this prospectus and with our unaudited interim consolidated financial statements as of June 30, 2020 and for the six-month periods ended June 30, 2020 and 2019. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

Overview

We offer a business-to-business software platform that allows video game publishers and developers, as well as other interactive media content creators, to offer in-game prizing and rewards, based on the completion of in-content challenges. The prizes available are specific to each player based on a variety of characteristics, including age, location, game played, and challenged played. Our platform facilitates several types of single player prize challenges that includes a wide range of prize types including, coupons, sweepstakes-style prizes, CPG, and DLC. We sell the opportunity to place in-game prizes to advertisers who wish to place product in-game, sharing a certain portion of the gross receipts with the content and game owners. Our current agreements range from 50% to 60% of revenue being shared with the publisher/developers, with the remaining 50% to 40% of gross receipts belonging to us.

We believe our platform is mutually-beneficial across three targets. Content providers gain increased interaction with their media experience. Brands see a prolonged increase of interests from players and consumers viewing their goods as a positive win rather than a distraction from content. Players and consumers want to interact with content that provides access to these wins, increasing the value of the content as a supplier of opportunities, of the brands as prizes, and of the experience itself as an interactive and desirable challenge.

Our platform allows consumers to become active ad participants seeking a claim to placed brands as victories won through interactions with a variety of media experiences. Users are no longer "just" winning a game or streaming their favorite film. These interactions now bestow bragging rights that extend past the media's original purpose, resulting in winning real world goods and gaining access to experiences.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with the IFRS as issued by the IASB, and Interpretations issued by the IFRIC. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We continually evaluate our estimates, including those related to the allowance for doubtful accounts, the useful life of property and equipment, assumptions used in assessing impairment of long-term assets, and valuation of deferred tax assets.

We base our estimates on historical experience and on various other assumptions that we believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Any future changes to these estimates and assumptions could cause a material change to our reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

Our consolidated financial statements are prepared in accordance with IFRS as issued by the IASB. Some of the accounting methods and policies used in preparing the financial statements under IFRS are based on complex and subjective assessments by our management or on estimates based on past experience and assumptions deemed realistic and reasonable based on the circumstances concerned. The actual value of our assets, liabilities and shareholders' equity and of our earnings could differ from the value derived from these estimates if conditions changed and these changes had an impact on the assumptions adopted.

Our significant accounting policies that we believe to be critical to the judgments and estimates used in the preparation of our financial statements are included in "note 2 — Basis of Presentation" and "note 3 — Significant Accounting Policies" to our consolidated financial statements included elsewhere in this prospectus.

Significant Components of Our Results of Operations

Revenues. Our revenues are generated primarily from the sale of our products, which consist primarily of advertising and service revenues. At contract inception, we assess the goods and services promised in the contract with customers and identify a performance obligation for each. To determine the performance obligation, we consider all products and services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices. The timing of satisfaction of the performance obligation is not subject to significant judgment. We measure revenue as the amount of consideration expected to be received in exchange for transferring goods and services.

Operating Expenses. We classify our operating expense as sales and marketing, and general and administrative. Personnel costs are the primary component of each of these operating expense categories, which consist of cash-based personnel costs, such as salaries, benefits and bonuses. Additionally, we separate intangible amortization, amortization expense, interest expense, professional fees and share-based compensation into its own category.

General and Administrative Expenses. Our general and administrative expenses primarily consist of non-labor overhead expenses, which include health benefits, utilities, software cost to run the back office operations of our company.

Salaries and Wages Expenses. Our salaries and wages are primarily made up of salaries paid directly to our engineers, which comprise most of the employee base within our company. This amount also includes the related payroll taxes and accrued bonuses.

Sales and Marketing Expenses. Sales and marketing expenses consist primarily of the costs of the advertisements and promotions we run in order to expand awareness of our product offerings.

Results of Operations

Comparison of Results of Operations for the Six Months Ended June 30, 2019 and 2020

The following table summarizes our results of operations for the six months ended June 30, 2020 and 2019:

	For the Six Months Ended June 30,	
	2020	**2019**
	(unaudited)	
Statement of Operations and Comprehensive Income (Loss) Data:		
Revenue	$ 612,626	$ 654,324
Cost of sales	-	-
Amortization	(176,796)	(170,965)
Amortization of intangible assets	(953,230)	(1,566,813)
Consulting fees	(315,817)	(332,967)
Foreign exchange gain (loss)	(119,115)	792
General and administrative	(982,540)	(396,353)
Interest expense	(154,734)	(81,554)
Interest expense on lease obligations	(37,863)	(56,301)
Professional fees	(533,562)	(225,952)
Salaries and wages	(1,558,024)	(1,125,020)
Sales and marketing	(39,043)	(52,140)
Share-based compensation	(465,658)	(408,373)
Operating loss	**(4,723,756)**	**(3,761,322)**
Finance expense	(169,064)	(123,766)
Loss on disposal of shares	(508,050)	-
Net loss	**$ (5,400,870)**	**$ (3,885,088)**
Net loss per share (basic and diluted)	**$**	**$**

Revenue

Our revenues are derived from two primary sources: advertising and services related to integration. Revenue was $612,626 for the six months ended June 30, 2020, representing an decrease of $41,698, or 6%, from $654,324 for the six months ended June 30, 2019. The decrease was primarily due to a decrease in services revenue delivered in the first six months of 2020.

Cost of sales

Cost of sales reflects our marginal non-labor costs associated with the delivery of our products and services, other than our software development costs, which are capitalized and amortized and discussed below under "Amortization of intangible assets." We did not incur any material cost of sales during the six-month periods ended June 30, 2020 or 2019. However, as we increase our revenue-generating activities, particularly our service-related revenues, we expect our cost of sales to increase in the future.

Amortization of intangible assets

Our intangible assets are comprised of a business-to-business software platform that allows video game publishers and developers to offer prize-based matches of their games to their players. Amortization expense was $953,230 for the six months ended June 30, 2020, representing a decrease of $613,583, or 39%, from $1,566,813 for the six months ended June 30, 2019. The decrease was primarily due to prior year projects becoming fully amortized in 2019.

Foreign exchange

We have operated to date primarily in the United States and Canada. Foreign exchange loss was $119,115 for the six months ended June 30, 2020, representing an increase of $119,907, or 100%, from a gain of $792 for the six months ended June 30, 2019. The increase in the loss was due to changes in the foreign exchange translation between the U.S. and Canadian dollar.

General and administrative expense

General and administrative expense was $982,540 for the six months ended June 30, 2020, representing an increase of $586,187, or 148%, from $396,353 for the six months ended June 30, 2019. The increase was primarily due to non-labor expenses related to additional employees being hired in order to support the company's operations.

Professional Fees

Professional fee expense was $533,562 for the six months ended June 30, 2020, representing an increase of $307,610, or 136%, from $225,952 for the six months ended June 30, 2019. The increase was primarily due to additional expenses incurred to support expansion of the business.

Salaries and wages

Salaries and wages was $1,558,024 for the six months ended June 30, 2020, representing an increase of $433,004, or 38%, from $1,125,020 for the six months ended June 30, 2019. The increase was primarily due to additional employees being hired in order to support the company's operations along with higher wages.

Share-based compensation

Share-based compensation expense was $465,658 for the six months ended June 30, 2020, representing an increase of $57,285, or 14%, from $408,373 for the six months ended June 30, 2019. The increase is primarily was due to timing of options vesting and the increase in the fair value of options issued.

Loss from Operations

Loss from operations was $4,723,756 for the six months ended June 30, 2020, representing an increase of $962,434, or 26%, from $3,761,322 for the six months ended June 30, 2019. The increase was primarily due to an increase in payroll related expenses offset by a decrease of intangible assets.

Loss on Disposal of Marketable Securities

Loss on disposal of marketable securities was $508,050 for the six months ended June 30, 2020, representing an increase of $508,050, or 100%, from none for the six months ended June 30, 2019. The increase was due to our purchase and sale of shares of capital stock of Animoca Brands Corporation Ltd. ("Animoca Brands") during the six months ended June 30, 2020.

On July 25, 2019, we entered into a Mutual Investment Agreement with Animoca Brands, a Hong Kong-based leader in the field of digital entertainment, specializing in blockchain, gamification, and artificial intelligence technologies to develop and publish a broad portfolio of mobile gaming products such as *The Sandbox*, *Crazy Kings*, and *Crazy Defense Heroes,* as a step toward partnering with Animoca Brands to allow us to reach into a key growth market on a large scale.

The terms of the mutual investment agreement provided for a stock swap between Animoca Brands and our company in the amount of US$500,000 based upon, in the case of our common shares, the higher of (i) $ 0.23 per share, or (ii) the 21-day volume weighted average price per share of our common shares on the date the agreement was approved by our Board of Directors, and, in the case of the Animoca Brands shares, the higher of (i) AU$0.18 per share, or (ii) the 21-day volume weighted average price per share of the Animoca Brands shares as of the date the agreement was approved by the Animoca Brands shareholders. The transaction was consummated on April 6, 2020.

On April 28, 2020, we sold our acquired block of Animoca Brands stock to a buyer for the price of $0.05AU per share in order to provide immediate liquidity during the COVID-19 pandemic in advance of being approved for, or receiving, any funds from the Paycheck Protection Program for which we had applied. For financial accounting purposes, we had recorded the value of our Animoca Brands shares at $0.1614 per share, based on the closing price of our common shares on the Canadian Securities Exchange on the April 6, 2020 closing date. As a result, we recorded a loss of approximately $500,000 in connection with that transaction.

Comparison of Results of Operations for the Years Ended December 31, 2019 and 2018

The following table summarizes our results of operations for the year ended December 31, 2019 and 2018:

	For the Year Ended December 31,	
	2019	**2018**
Statement of Operations and Comprehensive Income (Loss) Data:		
Revenue	$ 664,922	$ 1,620
Cost of sales	-	(170)
Amortization	(327,221)	(29,642)
Amortization of intangible assets	(2,530,590)	(2,965,035)
Consulting fees	(814,128)	(1,177,405)
Foreign exchange gain (loss)	(38,797)	(147,723)
General and administrative	(669,586)	(1,305,652)
Interest expense	(225,334)	(77,669)
Interest expense on lease obligations	(104,384)	-
Professional fees	(445,603)	(621,979)
Salaries and wages	(3,252,789)	(2,074,554)
Sales and marketing	(787,398)	(199,412)
Share-based compensation	(839,249)	(651,316)
Operating loss	**(9,370,157)**	**(9,248,487)**
Finance expense	(257,448)	(125,903)
Other expense	-	1,219
Net loss	**$ (9,627,605)**	**$ (9,373,171)**
Net loss per share (basic and diluted)	**$**	**$**

Revenue

Revenue was $664,922 for the year ended December 31, 2019, representing an increase of $663,302, or 100%, from $1,620 for the year ended December 31, 2018. The increase was primarily due to an increase in services related to integration being completed in 2019.

Cost of sales

As discussed above, cost of sales reflects our marginal, non-labor costs associated with the delivery of our products and services, other than our software development costs, which are capitalized and amortized and discussed below under "Amortization of intangible assets." We did not incur any material cost of sales during the year ended December 31, 2019 and only nominal cost of sales during the year ended December 31, 2018. However, we expect our cost of sales to increase in the future as we increase our revenue-generating activities, particularly our service-related revenues.

Amortization of intangible assets

Amortization expense was $2,530,590 for the year ended December 31, 2019, representing a decrease of $434,445, or 15%, from $2,965,035 for the year ended December 31, 2018. The decrease was primarily due to prior year projects becoming fully amortized in 2019.

Consulting fees

Consulting fees expense was $814,128 for the year ended December 31, 2019, representing a decrease of $363,277, or 31%, from $1,177,405 for the year ended December 31, 2018. The decrease was primarily due to less outside experts needed to support our operations.

General and administrative expense

General and administrative expense was $669,586 for the year ended December 31, 2019, representing a decrease of $636,066, or 49%, from $1,305,652 for the year ended December 31, 2018. The decrease was primarily due to less non-labor overhead needed in order to support our operations, including recruiting fees and IT-related costs.

Professional fees

Professional fee expense was $445,603 for the year ended December 31, 2019, representing a decrease of $176,376, or 28%, from $621,979 for the year ended December 31, 2018. The decrease was primarily due to a reduction in outside service providers assisting with our operations.

Salaries and wages

Salaries and wages was $3,252,789 for the year ended December 31, 2019, representing an increase of $1,178,235, or 57%, from $2,074,554 for the year ended December 31, 2018. The increase was primarily due to additional employees being hired in order to support our operations along with higher wages being earned.

Sales and marketing

Sales and marketing expense was $787,398 for the year ended December 31, 2019, representing an increase of $587,986, or 295%, from $199,412 for the year ended December 31, 2018. The increase was primarily due to increased spending on market awareness advertising campaigns.

Share-based compensation

Share-based compensation expense was $839,249 for the year ended December 31, 2019, representing an increase of $187,933, or 29%, from $651,316 for the year ended December 31, 2018. The increase was primarily due to timing of options vesting and the increase in the fair value of options issued.

Loss from Operations

Loss from operations was $9,370,157 for the year ended December 31, 2019, representing an increase of $121,670, or 1%, from $9,248,487 for the year ended December 31, 2018. The increase was due to an increase in payroll related expenses and sales and marketing expenses that were offset by a decrease of intangible assets and general and administrative expenses.

Finance expense

Finance expense was $257,448 for the year ended December 31, 2019, representing an increase of $131,545, or 104%, from $125,903 for the year ended December 31, 2018. The increase was due to additional debt we incurred at below market interest rates.

Liquidity and Capital Resources

Our financial condition and liquidity is and will continue to be influenced by a variety of factors, including:

- our ability to generate cash flows from our operations;
- future indebtedness and the interest we are obligated to pay on this indebtedness;
- the availability of public and private debt and equity financing;
- changes in exchange rates which will impact our generation of cash flows from operations when measured in CAD; and
- our capital expenditure requirements.

Overview

Since inception, we have incurred significant operating losses. For the six months ended June 30, 2020 and 2019, we incurred net losses of $5.4 million and $3.9 million, respectively. For the years ended December 31, 2019 and 2018, we incurred net losses of $9.6 million and $9.4 million, respectively. To date, we have financed our operations primarily through private placements of equity securities and the issuance of debt. Our cash and cash equivalents as of June 30, 2020 was $0.1 million. Our primary cash needs are for working capital requirements, capital expenditures and to fund our operations.

We are subject to the risks and uncertainties associated with a new business. We believe that our current resources, the expected proceeds from forecasted billings and the net proceeds of this offering will be sufficient to fund our planned operations for the next 12 months. However, the report of our independent registered public accountants on our financial statements for the year ended December 31, 2019 stated that the material uncertainties resulting from our failure to achieve positive cash flows from operations, our inability to finance our day-to-day activities from operations and our expectation that we will incur further losses in the development of our business raise substantial doubt about our ability to continue as a going concern.

We plan to increase our cash flow from our operations to address some of our liquidity concerns. However, to execute our business plan, service our existing indebtedness and implement our business strategy, we anticipate that we will need to obtain additional financing from time to time and may choose to raise additional funds through public or private equity or debt financings, a bank line of credit, borrowings from affiliates or other arrangements. We cannot be sure that any additional funding, if needed, will be available on terms favorable to us or at all. Furthermore, any additional capital raised through the sale of equity or equity-linked securities may dilute our current shareholders' ownership in us and could also result in a decrease in the market price of our common shares. The terms of those securities issued by us in future capital transactions may be more favorable to new investors and may include the issuance of warrants or other derivative securities, which may have a further dilutive effect. Furthermore, any debt financing, if available, may subject us to restrictive covenants and significant interest costs. There can be no assurance that we will be able to raise additional capital, when needed, to continue operations in their current form. If we cannot raise needed funds, we might be forced to make substantial reductions in our operating expenses, including reductions in our research and development expenses or headcount reductions, which could adversely affect our ability to implement our business plan and ultimately our viability as a company.

Cash Flows for the Six Months Ended June 30, 2020 Compared to the Six Months Ended June 30, 2019

The following summarizes the key components of our cash flows for the six months ended June 30, 2020 and 2019:

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net cash used in operating activities	$ (1,500,007)	$ (1,741,280)
Net cash used in investing activities	(619,897)	(960,542)
Net cash provided by financing activities	2,153,375	2,906,819
Net increase in cash	$ 33,471	$ 204,997

Operating Activities

Net cash used in operating activities for the six months ended June 30, 2020 was $1,500,007 as compared to $1,741,280 for the six months ended June 30, 2019. The increase in net cash used in operating activities was primarily attributable to the increase of the loss for the period, decrease in the amortization of intangibles offset by the change in accrued in accounts payable and accrued liabilities.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2020 was $619,897 as compared to net cash provided by investing activities of $960,542 for the six months ended June 30, 2019. The change in cash flow used in investing activities was primarily attributable to the timing of payments related to payroll capitalized for the development of intangible assets.

Financing Activities

Net cash provided by financing activities was $2,153,375 for the six months ended June 30, 2020 as compared to $2,906,819 for the six months ended June 30, 2019. The change in cash flow provided by financing activities was mainly attributable to proceeds from the issuance of share capital, exercise of warrants and proceeds from notes payables which was offset by payments on notes payable.

Cash Flows for the year ended December 31, 2019 Compared to the year ended December 31, 2018

The following summarizes the key components of our cash flows for the year ended December 31, 2019 and 2018:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Net cash used in operating activities	$ (5,467,875)	$ (5,075,945)
Net cash used in investing activities	(1,939,858)	(1,842,690)
Net cash provided by financing activities	7,472,942	6,721,893
Net increase (decrease) in cash	$ 65,209	$ (196,742)

Operating Activities

Net cash used in operating activities for the year ended December 31, 2019 was $5,467,875 as compared to $5,075,945 for the year ended December 31, 2018. The increase in net cash used in operating activities was primarily attributable to timing of non-cash working capital and the increase of the loss.

Investing Activities

Net cash used in investing activities for the year ended December 31, 2019 was $1,939,858 as compared to $1,842,690 for the year ended December 31, 2018. The change in cash flow used in investing activities was primarily attributable to the timing of payments related to payroll capitalized for the development of intangible assets.

Financing Activities

Net cash provided by financing activities was $7,472,942 for the year ended December 31, 2019 as compared to $6,721,893 for the year ended December 31, 2018. The change in cash flow provided by financing activities was mainly attributable to proceeds from the issuance of share capital, exercise of warrants and proceeds from notes payables which was offset by payments on notes payable.

Indebtedness

Government Note

In May 2020, we received loan proceeds in the aggregate amount of $829,937 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the CARES Act within the United States in response to the COVID-19 pandemic, provides for loans to qualifying businesses. A portion of the loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries. No collateral or guarantees were provided in connection with the PPP loans.

The unforgiven portion of the PPP loans is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. We intend to use the proceeds for purposes consistent with the PPP. For the six months ended June 30, 2020, we had incurred eligible payroll cost of $207,484 that were offset against the loan balance.

Notes Payable

From 2017 to June 30, 2019, we issued notes payable primarily to Brain Tingle, one of our directors. The notes payable bear interest at the prime rate of the Bank of Canada, which has ranged from 2.45% to 3.95% per annum, compounded annually and payable quarterly, and had a maturity date of three years from the date of issuance. The notes were considered below our estimated market borrowing rate of 10% and as such, a contribution benefit was recorded in reserves at the time of issuance for each note. As at June 30, 2020, we had recorded $368,296 in accrued interest that was included in accounts payable and accrued liabilities.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2019 and the effects, including estimated interest payments, that such obligations are expected to have on our liquidity and cash flows in future periods:

	Payment Due by Period						
	Total	**2020**	**2021**	**2022**	**2023**	**2024**	**Thereafter**
				(in thousands)			
Note payable	$ (4,815)	$ (580)	$ (2,504)	$ (1,731)	$ —	$ —	$ —
Lease liabilities	(1,122)	(328)	(324)	(311)	(159)	—	—
Total	**$ (5,937)**	**$ (908)**	**$ (2,828)**	**$ (2,042)**	**$ (159)**	**$ —**	**$ —**

Off-balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Foreign Currency Exchange Rate Risk

Our primary operations are in the United States. Thus, our revenues and operating results may be impacted by exchange rate fluctuations between Canadian dollars and U.S. dollars. For the six months ended June 30, 2020 and 2019, the foreign currency translation gain/loss was not material to our financial statements.

Inflation

The effect of inflation on our revenue and operating results was not significant.

BUSINESS

Overview

We offer a proprietary business-to-business software platform that allows video game publishers and developers, as well as other interactive media content creators, to offer in-game prizing and rewards based on the completion of in-content challenges. The prizes or rewards offered are specific to each player or viewer based on a variety of user- and content-based characteristics, including age, location, game played and challenge undertaken. Our platform facilitates several types of single player prize challenges that includes a wide range of prize types, including coupons, sweepstakes-style prizes, consumer packaged goods ("CPG") and downloadable content ("DLC").

We believe our platform is mutually-beneficial across three target groups. By providing in-content prizes or rewards, content providers gain increased and longer interaction by users or viewers with the media experience they offer. Consumer brands offering in-content prizes or rewards see a prolonged and increased interest from players and consumers who view their goods as a positive "win" within their viewing experience rather than as a distraction from the content they are watching as is typically the case with traditional in-content advertising. Players and consumers who are offered prizes or rewards have an increased desire to interact with such content, which increases the value of the content as a supplier of prizing opportunities, of the brands that offer the prizes, and of the experience itself as an interactive and desirable challenge.

We market our platform and its benefits to two industry segments: the owners or developers of consumer brands and their marketing and advertising professionals and for media content creators, owners and platforms. To the owners or marketers of consumer brands, we sell the opportunity to place their products as prizes or rewards in selected on-line games, media or content and we share a certain percentage of the gross receipts we receive from such customers with the owners of the media in which the prizes or rewards are offered. Our current agreements with the owners or marketers of consumer brands provide that we are paid a fee to place their ads in content, the amount of which is based either on the number of ads placed or upon the performance of those ads relative to the brand's goals.

To content creators, owners and platforms, which currently include primarily video game developers and computer hardware manufacturers, we sell the opportunity to include our proprietary platform in their content or hardware and to use such platform as a basis for selling advertising to popular consumer brands. Our current agreements with content or game owners, including HP, Kast and Animoca Brands, provide that from 50% to 60% of advertising revenue will be kept by, or shared with, the publisher or developer, with the remaining 50% to 40% of gross receipts belonging to us. HP, our largest customer during the six-months ended June 30, 2020 and the year ended December 31, 2019, installs our platform in its OMEN and Pavilion brands of personal computers that are manufactured primarily for gamers and general use as a means of increasing usage and desirability of those computers by consumers.

Our platform allows consumers to become active advertising participants by seeking to claim the brand's prizes or rewards as victories won through interactions with a variety of media experiences. Users are no longer "just" winning a game or streaming their favorite film. These interactions now bestow bragging rights on the consumers that extend past the media's original purpose, resulting in winning real world goods and gaining access to experiences.

According to a 2018 study by the University of California, Los Angeles Center for Management of Enterprise in Media, Entertainment and Sports, the introduction of rewards benefits content providers, brands and players in the following perspectives, leading to:

- 34% more play time;
- 77% more live viewers;
- 97% higher satisfaction while interacting with a virtual entertainment experience (i.e., video games);
- 10% increase in audience - 10% of players are new players, downloading the game for the first time because of prizes; and
- 4+ hours of additional engagement per week.

Our technology facilitates advertising as a narrative, not as a distraction. By creating an environment that makes brands part of a desired experience - winning prizes or rewards - we empower content providers and brands to engage consumers more effectively and for more extended periods of time.

Our Strengths

While we believe our overall value is generated from our ability to directly increase player and viewer engagement, we see the following as our core strengths:

- ***Choice and Earned-Rewards is a Better Model for Players***. While we sell our ad units to agencies, brands and companies that seek to reach media players and viewers, our primary goal will always be to make games and media experiences more fun. Our objective is to build ad units that do not increase viewer/player churn, but in fact increase player engagement. We believe our focus on how the player views the experience - offering them choice and an opportunity to both earn the reward and achieve the gratification of a successful win - will be the key differentiator in the in-game and in-app advertising market. While other competitors in the advertising industry may have more reach at the moment, we believe the increasing numbers of players who want the superior experience of rewards rather than banner ads, commercials and un-skippable videos will ultimately win out.

- ***Our Team is Diverse, Accomplished and Effective***. We have brought together experts in the game industry, software development, advertising, product design and development, and corporate finance. Our Executive Chair, Keyvan Peymani, was the Head of Startup Marketing for Amazon Web Services, and our advisory board includes the former Vice President of Revenue for Activision Blizzard, the Chief Executive Officer of Radley Media, and a number of veterans of the global gaming industry. Our designers and engineers have built hundreds of successful products from games and apps, including the NFL.com fantasy football platform. We are curious, creative, community-oriented problem solvers who have come together to make a world-class software solution. As a result, we have won multiple awards as one of the best places to work in Los Angeles, and one of the best places to work anywhere for millennial women. We are extremely proud of our team and our culture. We believe it allows us to hire, retain, promote and develop the very best talent.

- ***Our Technology is Robust, Scalable and Flexible***. We have architected a platform that will allow any content publisher to integrate real-world prizes into their system, and allow any brand or agency to place their products, discounts, codes and coupons into an earned-rewards framework. We have software development kits that are compatible with millions of games, and apps, as well as ways to work with iOS and Android devices, PCs, consoles, Apple TVs, and other peripherals. The back end of our platform is built in Elixir by some of the world-experts in that language. The Elixir back end allows the type of massively scalable system that will be required for AAA games and app partners with millions of users. The strengths of the code base are its ability to manage huge numbers of concurrent users with localized failure - such that if there is an issue with a single player's match it does not affect larger portions of the system. We can add new features, new games, entire new verticals easily. We can also adapt to changing regulatory environments around prizing, sweepstakes, privacy and other issues by managing our geofencing for where any given prize is offered. Our Dynamic Regulatory Compliance system is the direct result of years of thoughtful system architecture and development - an achievement that we believe sets us apart from competitors.

- ***Our IP portfolio is Strong and Growing***. We have been issued two key patents from the U.S. Patent and Trademark Office (USPTO) with dozens of granted claims around how to offer players prizes in-game at scale. We have been awarded claims covering how to maintain and promote competitive balance in multiplayer games, how to use multi-factor tests to serve up only relevant prizing on a per-player basis, how to use a player's location, game, and age to determine eligibility for certain kinds of prizes in certain kinds of single player games, competitive games, tournaments, synchronous and asynchronous matches. We have several other patent filings in various stages at the USPTO and we are working with our technology and legal teams to develop new and defensible IP in this space. We want to be the only real solution for global in-game and in-app rewards.

- ***The Support of Our Partners Helps us Grow***. Our rewards platform is currently deployed in all HP OMEN and HP Pavilion Gaming laptops and desktop computers in the U.S., and we launched our platform in China with HP in August 2020. Our multi-year agreement with HP is to bring rewards to all their players worldwide as a way to differentiate HP hardware and to engage with a massive global audience. Beyond HP, we are also partnered with Animoca Brands, a developer of games that have been downloaded hundreds of millions of times. We have also partnered with Ludare, a licensed mobile game developer that makes licensed games for titles in the *Men In Black* series. Beyond gaming, we are working with Kast, a video sharing application with millions of viewers, and are developing partnerships in the fitness/health and wellness industries. As we grow our user base, we believe we will become more desirable for brand and advertising partners and we expect to increase our transactional revenues exponentially while staying on a capital-efficient low-cost trajectory.

Our Growth Strategy

While other forms of advertising technology focus mostly upon increasing monetization only for the advertiser, we believe we change the universe of beneficiaries significantly. Our approach creates simultaneous wins for content providers, brands and consumers. We believe today's audiences not only seek engagement, but are also consummate purveyors of media, with no shortage of content choice. We recognize that keeping engagement high is the key to changing the negative association of traditional media advertising. By creating a prizing opportunity, brand introductions mean a chance to win rather than switching to another tab, source or device while waiting for selected content to return.

Our growth strategy can really be summarized into three areas: grow the audience, grow the prize provider pool, and then constantly iterate and improve.

The key elements of our long-term growth strategy include:

- ***Increase Applications and Verticals***. To grow our user base, we will seek to increase the number of games, applications and content providers that have integrated our platform across an increasing number of industries. Part of that process will involve making our platform easier to integrate into the wide variety of media, which we are doing, but the rest is putting our value proposition in front of a larger group of game and app developers. Integrating into new categories and industries allows us a greater pool of potential applications with which to integrate, and therefore a greater pool of potential users. We intend to focus on gaming, streaming media, and health & wellness applications, but may seek to expand to other verticals as opportunities arise. We believe this will significantly grow our user base.

- ***Integrate Into More Devices and Software Languages***. Our platform is currently available in applications running on laptops and desktops, as well as in mobile devices powered by iOS and Android operating systems through a series of software development kits (SDKs) which we have created. We strive to make our rewards platform available to, and compatible with, all kinds of devices. The current engineering roadmap includes additional support for the tens of millions of console gaming systems like the new Xbox and PlayStation consoles. We are also developing features for a number of wearable devices that are in the marketplace, which we believe will increase our user base in the health & wellness vertical.

- ***Develop a Global Reach***. The United States is one of the world's largest gaming markets, with nearly $37 billion in annual revenue according to a Newzoo 2020 Global Games Report. We intend to deepen our penetration of the U.S. market. However, we believe there is significant opportunity for expansion of our offerings into the rest of the world, starting with Asia and Europe. In August 2020, our platform became available for the first time in China, and we plan to expand in Asia and move into Europe in 2021. Because our platform is built to optimize value for a player based on his or her location, we believe we are uniquely positioned to offer location-specific rewards and prizes for players all over the world. As we move into new geographies, we believe we will gain new players and new brands and prize providers that can offer real, local value.

- ***Add More Prizing Partners***. Increasing the number of prize providers - the largest growth area for our company - and the one that will be the most lucrative - is at the center of our growth strategy. We have built out a sales team and we are adding both salespeople and sales assets to pursue both agencies and individual vendors who may want to use our platform to promote their businesses. At the same time, we are also working to make our tools easier for prizing partners to use - including building functionality for businesses that use e-commerce platforms such as the Shopify platform, and for others who want to self-direct their prizing campaigns.

- ***Constantly Improve Outcomes***. We are dedicated to improving the quality of the outcomes for our partners. We have developed a number of tools to evaluate the efficacy of each advertising campaign, and part of our value to our brand partners is providing them with anonymized but actionable information on each of their campaigns on our platform. Our analytics are focused on response rates, transaction rates, customer acquisition cost, and many other aspects of the step-by-step funnel from activation to registration, all the way through to lifetime customer value. We continually review outcomes and if there is a way to improve the transaction rate - to get winners, players or viewers to engage with our brand partners while retaining our core goal of making the media more fun - then we will make the necessary changes to improve those outcomes. This core tenet of our approach requires dedication to research, player and user outreach, surveys, and constant design improvements. We believe this strategy will produce yields in loyalty, affinity and Return on Ad Spend (ROAS) for our partners, which will drive future growth.

- ***Grow Revenues and Market Share***. We are always looking for opportunities to grow through selective acquisitions and while much of our current roadmap is devoted to organic growth, we are also aware of a number of potential partnerships through which we may gain market share through inorganic growth via selective acquisition. Performance marketing is a growing field, as is interactive media advertising, and there may be opportunities to grow our sales team, our service offerings or our reach through acquisition.

Our Industry

According to a Newzoo 2020 Global Games Report, the video game industry is over a $159.3-billion-dollar market, and has seen enormous change in the last ten years.

The way games are run has changed significantly in only ten years, from both an organizational and a business perspective, regardless of platform. When added to the ongoing global alignment of distribution channels, franchises and business models, it becomes clear that this is more than several individual trends happening simultaneously. Ultimately, the consumer has determined the pace of change. No other form of entertainment or media gives as much power to the consumer as games. Today, not only do games empower people to actively participate, but they also allow them to enjoy their passion for gaming in ways that suit any mood, interest, lifestyle, location and budget. Almost any new game includes competitive modes that could lead to a professional e-sports scene, including live events, pro-gamer heroes, and teams with millions of fans.

There are multiple games that have over one million daily active users, including several competitive multiplayer games that have developed their own professional electronic sports ("e-sports") communities. These e-sports competitions regularly draw spectators, both in-person and online, in the millions. The 2015 world championships of Defense of the Ancients ("DOTA"), a multiplayer online battle arena modification for the video game "*Warcraft III*" and its expansions, were held at Madison Square Garden in New York, and more people watched the 2015 League of Legends world championship online than watched all of the 2015 Stanley Cup Finals combined. ESPN Inc. and its affiliates now carry news of major e-sports events.

On the other hand, since the introduction of ad-funded television in the middle of the 20th century and continuing through the present day, most advertising inventory has been transacted based on a rate card. Publishers, content owners and their agents set a price for their inventory, and buyers place an order to purchase that inventory. Similar to how the equities and commodities markets have transitioned from paper transactions on trading floors to electronic trading, media advertising is transitioning from manual to programmatic.

Several trends happening in parallel are revolutionizing the way that media advertising is bought and sold. The rise of the Internet has led to wholesale changes in the way media is consumed and monetized, as ads can be digitally delivered on a one-to-one basis. In traditional methods of advertising, such as broadcast TV, ads can target a specific network, program or geography, but not a single household or individual as digital ads can.

We believe some of the key industry trends are:

Media is Becoming Digital. Media is increasingly becoming digital as a result of advances in technology and changes in consumer behavior. This shift has enabled unprecedented options for advertisers to target and measure their advertising campaigns across nearly every media channel and device. The digital advertising market is a significant and growing part of the total advertising market. According to International Data Corporation, a leading global provider of market intelligence (IDC), global advertising spend was approximately $651.7 billion in 2016 and is expected to grow to $767.1 billion in 2020, a compound annual growth rate of 4.2%. Also, according to IDC, global digital advertising spend was $205.4 billion in 2016 and is expected to grow to $339.9 billion in 2020, a compound annual growth rate of 13.4%. We believe the market is evolving and that advertisers will shift more spend to digital media. Since media is becoming increasingly digital, decisions based on consumer and behavioral data are more prevalent.

Fragmentation of Audience. As digital media grows, audience fragmentation is accelerating. A growing "long tail" of websites and content presents a challenge for advertisers trying to reach a large audience. Mirroring the fragmentation occurring in content, the number of devices used by individual consumers has increased. Both of these fragmentation trends are opportunities for technology companies that can consolidate and simplify media buying options for advertisers and their agencies.

Shift to Programmatic Advertising. We believe the advertising industry is in the early stages of a shift to programmatic advertising, which is the ability to buy and sell advertising inventory electronically. Initially available for digital display advertising and transacted through real-time bidding platforms, programmatic advertising has evolved and is increasingly being used to transact across a wide range of advertising inventory, including display, mobile, video and audio among other inventory types.

Increased Use of Data. Advances in software and hardware and the growing use of the Internet have made it possible to collect and rapidly process massive amounts of user data. Data vendors are able to collect user information across a wide range of Internet properties and connected devices, aggregate it and combine it with other data sources. This data is then made non-identifiable and available within seconds based on specific parameters and attributes. Advertisers can integrate this targeting data with their own or an agency's proprietary data relating to client attributes, the advertisers' own store locations and other related characteristics. Through the use of these data sources, together with real-time feedback on consumer reactions to the ads, programmatic advertising increases the value of impressions for advertisers, inventory owners and viewers who receive more relevant ads.

Driven by these industry trends, programmatic advertising is expected to grow from $19 billion during 2016 to $42 billion by 2020, according to Magna Global. We believe that programmatic advertising will continue to grow as more content providers, content distributors and advertisers are able to realize its benefits. In addition, we expect that programmatic advertising will help grow the overall advertising market by enabling more advertisers to deploy more spend across a broader range of inventory channels. We believe the enormous game industry and the industry trends in adversity present us excellent opportunities to further expand our platform, which smartly combines advertising into video games and other media sources.

Our Services

In addition to licensing our prizing and rewards platform, we provide the following services to our partners and customers:

- ***Design, Development, and Platform Integration Services***. Our patented platform can be integrated into games and interactive media through a number of Software Development Kits (SDKs), including SDKs for iOS, Android, Unity, C++ and others. We also work with partners such as HP to develop bespoke instances of our rewards platform, as we did with their OMEN Rewards system available inside OMEN Command Center in every HP OMEN and Pavillion gaming desktop and laptop. We also offer professional design, development and platform integration services to content partners who seek a more bespoke solution.

- ***White-Label Rewards Platforms***. Our technology can be easily integrated into mobile apps to track any behavior that a content, publishing, or health and fitness program partner may want to incentivize. We can also white label and/or license technologies like our stand-alone mobile app to enable partners to create an entire rewards ecosystem where activities in one application earn rewards or discounts from another part of the same company. For example, we can assist a partner in creating a mobile app that would allow a consumer to earn movie tickets to a comic book movie for purchasing or reading the online comic, or a consumer to earn discounts on in-stadium concessions or on team apparel for playing a sports trivia game or for watching games live on his or her mobile device. We work with content partners to create entire in-house rewards programs for their users that promote cross-sales within a company, or new channels for the sale of licensed goods, or new opportunities for event or brand sponsors. Our systems and applications can be white labeled and sold as a rewards platform for those partners looking to increase engagement and stickiness with their customers.

- ***Advertising services***. In connection with the placement or licensing of our platform, we market our services to brand partners to place their products, discounts or coupons into Versus-enabled content so that users, viewers and players can earn those rewards for their in-game or in-app behavior. When providing those services, we typically charge the brand only when a player attempts to win one of the brand's proffered prizes. However, in certain cases may also charge on a cost-per-click (CPC), cost-per-engagement (CPE) or a cost per acquisition (CPA) model.

Recent Business Developments and Milestones

Within the past year, we have had the following milestones occur in support of our company's growth strategy:

BTC Studios Integration Agreement for European Games Developer

On October 14, 2020, we entered into an agreement with BTC Studios, a European games developer and publisher focused on family-friendly mobile games, to bring our proprietary in-app rewards technology to BTC's free-to-play and family-friendly puzzle game, *"Taffy: Feed The Kitty."*

China Launch with HP OMEN and Pavilion

On August 24, 2020, we launched our platform in China. It is available as OMEN Rewards on HP's OMEN and Pavilion computers.

ePlay Digital Health and Wellness Application

On August 10, 2020, we announced an agreement with ePlay Digital to bring our proprietary in-app rewards technology to ePlay's health and wellness applications and platforms. With ePlay, we expand into the global wellness market, valued at over $4 trillion according to the Global Wellness Institute. ePlay's catalog of health, wellness and personal improvement applications further diversifies our content offerings for reward partners in video content platforms and lifestyle mobile applications.

Kast Integration Agreement for Streaming Media

On April 14, 2020, we announced an agreement with Kast to bring our proprietary in-app rewards technology to Kast's successful watch party platform. This is the first non-gaming content partner to integrate our rewards platform. Social streaming, watch parties and video are a part of a market that Business Wire estimates as a $250-billion-dollar global streaming market that is estimated to grow at 19% compound annual growth rate (CAGR) through 2024. Kast is a real-time video sharing app with screen capture, voice, text and video chat technology that makes it easy to connect with friends wherever they are in a watch party. Kast has recently been featured in well-known media outlets such as Wired, Mashable, The Next Web, The Evening Standard, NBC and others.

Animoca Brands

On April 9, 2020, we announced an agreement with Animoca Brands to bring our proprietary in-game rewards technology to mobile games developed by Animoca Brands. We are currently working with Animoca Brands to integrate real-world rewards into three of its mobile games. We have already negotiated a share swap and investment program, announced in August 2019, and have continued to expand upon that relationship in 2020. Animoca Brands leverages gamification, blockchain and artificial intelligence technologies to develop and publish a broad portfolio of mobile products, including games such as *The Sandbox*, *Crazy Kings* and *Crazy Defense Heroes* as well as products based on popular intellectual properties such as *Formula 1*®, *Garfield*, *Snoopy*, *Thomas & Friends*™, *Ever After High* and *Doraemon*. Animoca Brands' portfolio includes Lucid Sight, Dapper Labs (creators of CryptoKitties), WAX, Harmony, and Decentraland. Animoca Brands has operations in Hong Kong, Canada, Finland and Argentina.

iClick Interactive Agreement

On December 9, 2019, we entered into a commission sales agreement with iClick Interactive to collaborate and bring our technology to iClick's customer base in China. iClick is an independent online marketing and enterprise data solution provider in China that expertly connects brands to consumers in China with omnichannel, integrated, cross-platform and cross-screen advertising, leveraging its over 800 million Chinese consumers' dataset.

As discussed above, we first launched our platform in China in August 2020 and are currently testing that platform for technical, business and user interface and design issues. We anticipate a larger and more comprehensive launch of our platform in China during the first quarter of 2021, following which we expect to begin generating revenues from our iClick relationship as brands introduced by iClick begin using our platform to reach consumers by offering in-game prizing and rewards.

Men in Black Launch

On November 6, 2019, Ludare Games Group announced that a new in-game rewards feature powered by our prizing and rewards platform went live via an update to "*Men in Black: Global Invasion*," a location-based, augmented reality game based on the *Men in Black* film franchise. We began generating revenue from our partnership with Ludare Games Group in the second quarter of 2020 commensurate with the size of the player bases of the games into which our platform was installed, but do not expect to receive significant revenues from that relationship until such time as Ludare Games Group develops and begins marketing additional games that include our in-game prizing and rewards platform.

HP Omen Rewards Launch

In March 2019, Versus LLC entered into a Software License, Marketing and Linking Agreement with HP (the "HP Agreement") to provide for, among other matters, the agreement of HP to include a customized HP-branded version of our in-game prizing and rewards platform as a pre-installed software program in all of HP's OMEN and Pavilion brand personal computers that are sold throughout the world.

Under the terms of the HP Agreement, we and HP have granted to each other a non-exclusive license to certain patent rights and know-how that has enabled us, and will continue to enable us, to create an HP-branded customized version of our platform for the HP computers, which customized brand features will belong exclusively to HP. We have also agreed to provide maintenance and support services to HP to support the HP-branded platform we provide for the compensation set forth in the HP Agreement. In our HP-branded platform, we are required to provide end-users clearly stated directions and a simple method for uninstalling the platform. The HP Agreement provides for statements of work that will include the specifications for, timelines related to and compensation payable for the services we provide to HP under the HP Agreement.

Pursuant to the HP Agreement, we have agreed to host the HP-branded platform and to make it available to users of the HP products in which the platform has been made available. End users of the platform who elect to play for prizes or rewards will be required to meet certain standards and will be verified by us for eligibility. We are also required to provide a system to fulfil prizes or rewards won by users and to seek mutually-acceptable consumer brands to purchase advertising and to provide downloadable content, physical goods or other prizes for end users. All fees generated by us from the sale of advertising will be shared by us with HP in agreed upon percentages.

The HP Agreement has an initial term of three years and will be automatically renewed for additional one-year terms unless either party provides the other with notice of termination at least 90 days prior to the end of the current term. HP also has the right to terminate the HP Agreement without cause at any time on 90 days written notice to us or immediately in the event we or our platform, in HP's reasonable determination, violate applicable law.

On August 21, 2019, we announced that our patented technology is powering OMEN Rewards, a real-world prizing platform built into OMEN Command Center and available for download by any Win10 PC via the Windows Store. OMEN Rewards allows any consumer running the OMEN Command Center app to play their favorite games for real-world prizes, gift cards, trips and experiences. The OMEN Rewards Beta is available in the United States, was recently expanded into China and is expected to be expanded to other regions in the future.

Sales and Marketing

Our sales and marketing organizations work together closely to drive market awareness, build a strong sales pipeline and cultivate customer relationships to drive revenue growth.

Sales. We primarily sell access to our platform and service offerings through our direct sales organization, which is comprised of inside sales and field sales professionals who are segmented by industry. Our direct sales organization also leverages our network of channel partners to expand our reach to additional sectors and industries, especially internationally. Our resellers market and sell our offerings throughout the U.S. and provide a go-to-market channel in regions in which we do not have a direct presence.

Once a sale is made, our sales team leverages our land-and-expand model to generate incremental revenues through increased levels of adoption of our platform by our customers. To drive such expansion in our existing customers, our direct sales team works closely with our accounts team, sales engineers and creative services team to ensure customer success.

Marketing. We focus our marketing efforts on building our brand reputation, increasing the awareness of our platform, and driving customer demand through campaigns that leverage our innovation, thought leadership, technical resources and customer success stories. We use various marketing strategies to engage with prospective customers, including email marketing, digital advertising, public relations, search engine optimization, social media, and thought leadership in the industry. Our technical leaders also frequently speak as subject matter experts at market-leading developer events, such as *ElixirConf*.

Research and Development

Our research and development team consists of technical engineering, product management, and user experience, and is responsible for the design, architecture, creation, and quality of our platform. We invest substantial resources in research and development to enhance our platform features and functionalities and expand the services we offer. We believe the timely development of new, and the enhancement of our existing, services and platform features is essential to maintaining our competitive position, and we continually incorporate suggestions, feedback and new use cases from our community and customers into our platform. Our research and development team works closely with our technical operations team to ensure the successful deployment and monitoring of our platform to provide a platform that is available, reliable and stable, as well as with our customer success team to collect user feedback to enhance our development process. We utilize an agile development process to deliver numerous software releases each year and hundreds of minor releases, fixes and updates.

Competition

Advertising in interactive media is a highly competitive business, characterized by increasing product introductions and rapidly-emerging new platforms and technologies. With respect to competing for customers for our platform, we will compete primarily on the basis of functionality, quality, brand and customer reviews. We will compete for platform placement based on these factors, as well as our relationship with the content owner, historical performance, perception of sales potential and relationships with owners and licensors of brands, properties and other content.

We believe that our small size will provide us a competitive edge in the near term and allow us to make quick decisions as to product development to take advantage of customer preferences at a particular point in time.

With respect to our prizing and rewards platform, we compete with a continually increasing number of companies, including industry leaders such as TapJoy and Otello. We could also face increased competition if large companies with significant online presences, such as Apple, Google, Amazon, Facebook or Yahoo, choose to enter or expand into the prizing or rewards space or develop competing platforms.

In addition, given the open nature of the development and distribution for smartphones and tablets, we also compete or will compete with a vast number of small companies and individuals in all of our segments who are able to create and launch software programs and platforms for these devices using relatively limited resources and with relatively limited start-up time or expertise.

Most of our competitors and our potential competitors have one or more advantages over us, including:

- significantly greater financial and personnel resources;
- stronger brand and consumer recognition;
- the capacity to leverage their marketing expenditures across a broader portfolio of mobile and non-mobile products;
- more substantial intellectual property of their own;
- lower labor and development costs and better overall economies of scale; and
- broader distribution and presence.

Intellectual Property Rights

Our success and ability to compete depend substantially upon our core technology and intellectual property rights. We generally rely on patent, trademark and copyright laws, trade secret protection and confidentiality agreements to protect our intellectual property rights. In addition, we generally require employees and consultants to execute appropriate nondisclosure and proprietary rights agreements. These agreements acknowledge our exclusive ownership of intellectual property developed for us and require that all proprietary information remain confidential.

We maintain a program designed to identify technology that is appropriate for patent and trade secret protection, and we file patent applications in the United States and, when appropriate, certain other countries for inventions that we consider significant. Our patent claims, extending and expanding on claims filed in the United States in 2014 and internationally through the patent co-operation treaty in 2015, describe a system that seeks to match competitive game players and spectators with prizing from their favorite brands through a unique conditional prize matching system.

As of August 31, 2020, we had over 30 granted patent claims with the U.S. Patent and Trademark Office to expand upon our existing portfolio of prizing, promotion and financial technologies that enable brands to reach the rapidly growing competitive gaming audience of players, spectators and broadcasters. As of August 31, 2020, we had been granted two patents.

We also continue to engage in licensing transactions to secure the right to use third-parties' patents. Although our business is not materially dependent upon any one patent, our patent rights and the products made and sold under our patents, taken as a whole, are a significant element of our business.

In March 2019, we were issued U.S. Patent No. 10,242,538, titled "Systems and Methods for Creating and Maintaining Real Money Tournaments for Video Games." This issued patent protects a number of proprietary systems and methods for awarding real money, physical goods, digital currencies, and downloadable content to players inside video games and other interactive media. We use these patented technologies within our prizing platform, which allows players to play for real-world prizes inside their favorite games. This granted patent:

- protects the subject systems and methods until 2035;
- covers claims around player identification and verification;
- covers technologies to determine prize eligibility for matches, tournaments, and sweepstakes based on a player's age, location, and other characteristics; and
- describes how the system can award multiple prize types to players that meet a variety of win conditions or achievements in-game.

In addition to patents, we also possess other intellectual property, including trademarks, know-how, trade secrets, design rights and copyrights. We control access to and use of our software, technology and other proprietary information through internal and external controls, including contractual protections with employees, contractors, customers and partners. Our software is protected by U.S. and international copyright, patent and trade secret laws. Despite our efforts to protect our software, technology and other proprietary information, unauthorized parties may still copy or otherwise obtain and use our software, technology and other proprietary information. In addition, we have expanded our international operations, and effective patent, copyright, trademark and trade secret protection may not be available or may be limited in foreign countries.

Companies in the industry in which we operate frequently are sued or receive informal claims of patent infringement or infringement of other intellectual property rights. We may receive such claims from companies, including from competitors and customers, some of which have substantially more resources and have been developing relevant technology similar to ours. As and if we become more successful, we believe that competitors will be more likely to try to develop products that are similar to ours and that may infringe on our proprietary rights. It may also be more likely that competitors or other third parties will claim that our products infringe their proprietary rights. Successful claims of infringement by a third party, if any, could result in significant penalties or injunctions that could prevent us from selling some of our products in certain markets, result in settlements or judgments that require payment of significant royalties or damages or require us to expend time and money to develop non-infringing products. We cannot assure you that we do not currently infringe, or that we will not in the future infringe, upon any third-party patents or other proprietary rights, but will not and have never done so intentionally.

Employees

As of September 30, 2020, we employed 27 people on a full-time basis and five contractors, comprised of four employees in accounts and integrations; eight employees in sales, marketing and business development; 11 employees in engineering; five employees in general and administration, and four employees in product and design. We have never had a work stoppage, and none of our employees is represented by a labor organization or under any collective bargaining arrangements. We consider our employee relations to be good. All employees are subject to contractual agreements that specify requirements on confidentiality and restrictions on working for competitors, as well as other standard matters.

Government Regulation

We are involved in a variety of areas that are subject to governmental oversight. While we have developed a flexible platform designed to adjust to a changing legal and regulatory landscape, there are a number of areas where federal, state and international law could force us to make significant adjustments to our strategies and deployment efforts. As such, as with many companies in both the software and advertising spaces, there are risks associated with the potential impacts of government regulation.

As a company that facilitates the distribution of real-world prizes for in-game and online activities, we are, in some cases and for some campaigns, subject to laws that surround sweepstakes, contests, and games of skill. While we use best efforts to ensure that all contests are compliant with federal, state, and local laws pertaining to the game type, contest type, prize type, and the eligibility of individual players, among other concerns, we are subject to those regulations and those regulations may change. We have filed patents, and have been granted certain patent claims, protecting our ability to use player characteristics like player location, player age, and contest type to adjust eligibility in specific contests with the intent of providing dynamic regulatory compliance. We also have also designed the platform to make it possible to expeditiously cease providing prizes in certain jurisdictions, or cease offering certain types of contests, such as sweepstakes or other contest types, if that becomes necessary. If necessary, we can make these changes without interruption to our campaigns and contests in other jurisdictions.

Certain of our campaigns and contests may be subject to laws and regulations applicable to companies engaged in skill-based contests. As we partner with our brand and content partners to offer prizes that players may earn as a result of their in-game activities, we may be subject in some cases to the federal Deceptive Mail Prevention and Enforcement Act as well as certain state prize, gift, or sweepstakes statutes that may apply to certain experiences that we or our customers and partners may run from time to time. Our system does allow us to adjust terms of service to account for this and other acts. We may also choose not to offer certain campaigns, contests or prizes in certain areas because of these regulations.

In addition, certain states prohibit, restrict, or regulate contests in a number of ways, particularly with respect to payment of entry fees, and the size, value, and/or source of prizes to participants in such contests. Certain other states require companies to register and/or insure certain types of contests. While we do not typically require entry fees or consideration of any type from our players, and thus based on legal research conducted, are not subject to these regulations in most cases, we do remain conscious of these regulations. We may choose to not offer certain prizes or certain contests in certain areas due to these regulations. We can do so without interruption to other services and other jurisdictions. While at this time, our operations are not subject to certain regulations, for example the pay-to-play regulations, given that our platform is free-to-play, we are conscious that because the nature of our services is relatively new and is rapidly evolving, we may not be able to accurately predict which regulations will be applied to our business. We may also at some point become subject to new or amended regulations.

Further, our online in-game prizing and rewards platform, which may be integrated into games whose player bases include individuals ranging from elementary school age children to adults, is subject to laws and regulations relating to privacy and child protection. Through our applications and online platform we, and the content creators, owners and platform owners that incorporate our proprietary platform into their media or hardware, may monitor and collect certain information about child users of these games and forums. A variety of laws and regulations have been adopted in recent years aimed at protecting children using the internet, such as the Federal Children's Online Privacy Protection Rule (COPPA). COPPA sets forth, among other things, a number of restrictions related to what information may be collected with respect to children under the age of 13, as the kinds of content that website operators may present to children under such age. There are also a variety of laws and regulations governing individual privacy and the protection and use of information collected from individuals, particularly in relation to an individual's personally identifiable information (e.g., credit card numbers). We currently employ multiple measures to ensure that we are COPPA-compliant. We screen for age at registration, we address the issue in our terms of service, and we employ a kick-out procedure during member registration whereby anyone identifying themselves as being under the age of 13 during the process may not register for a player account on our website or participate in any of our online experiences or tournaments without linking their account to that of a parent or guardian.

In the area of information security and data protection, many states have passed laws requiring notification to users when there is a security breach for personal data, such as the 2002 amendment to California's Information Practices Act, or requiring the adoption of minimum information security standards that are often vaguely defined and difficult to implement. And while we believe that we are currently in compliance with these and other data protection regulations, including the privacy regulations set out below, the costs of compliance with these laws may increase in the future as a result of changes in interpretation. Furthermore, any failure on our part to comply with these laws may subject us to significant liabilities.

We are also subject to federal, state and foreign laws regarding privacy and protection of our users' personal information and related data, including the California Consumer Privacy Act (CCPA), which took effect in January 2020, providing California residents increased privacy rights and protections, including the ability to opt out of sales of their personal information; and we are subject to the European Union's (EU) General Data Protection Regulation (GDPR) which took effect in May 2018 and established requirements applicable to the handling of personal information of EU residents. The CCPA may increase our compliance costs and exposure to liability. Other U.S. states are considering adopting similar laws.

We post our Terms of Service and Privacy Policy on our website where we set forth our practices concerning the use, transmission and disclosure of player data. We also require players to agree to these terms when they register for our service. Our failure to comply with our posted privacy policy or privacy related laws and regulations could result in proceedings against us by governmental authorities or others, which could damage our reputation and business. In addition, the interpretation of data protection laws, and their application to the Internet is evolving and not settled. There is a risk that these laws may be interpreted and applied in an inconsistent manner by various states, countries and areas of the world where our users are located, and in a manner that is not consistent with our current data protection practices. Complying with these varying national and international requirements could cause us to incur additional costs and change our business practices. Further, any failure by us to adequately protect our users' privacy and data could result in a loss of player confidence in our services and ultimately in a loss of players, which could adversely impact our business.

Based on legal research conducted, we believe we are currently in compliance with all applicable state and federal laws and regulations related to our business. We continually monitor our activity and changes in such laws in order to ensure, to the best extent possible, that we remain in compliance with such laws. State and federal regulation of internet-based activity, including online prizing and rewards, is evolving and there can be no assurance that future legislation, regulation, judicial decisions, US Attorney, or state attorney general actions will not restrict or prohibit activities such as those made possible by our platform. Such regulation would have a material adverse effect on our business and operations.

Properties

Our principal executive offices are located at 1620 West 8th Avenue, Suite 302, Vancouver, BC V6J 1V4 Canada and our principal offices in the United States are located at 6701 Center Drive West, Suite 480, Los Angeles, CA 90045. All of the facilities are leased. We believe our facilities are adequate for our current needs and we do not believe we will encounter any difficulty in extending the terms of the leases by which we occupy our respective premises. A summary description of our facilities locations follows:

Office	Address	Rental Term	Space
U.S. Corporate Office	6701 Center Drive West, Suite 480, Los Angeles, CA 90045	5 year lease, ending in 2023	5,029 sq. ft.
Canadian Corporate Office	1558 West Hastings Street, Vancouver, BC V6G 3J4	6 year agreement, ending in 2021	300 sq. ft.

Legal Proceedings

As of the date hereof, we are not a party to any material legal or administrative proceedings. There are no proceedings in which any of our directors, executive officers or affiliates, or any registered or beneficial stockholder, is an adverse party or has a material interest adverse to our interest. We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention.

MANAGEMENT

Management and Board of Directors

The following table sets forth the names and ages of the members of our board of directors and our executive officers and the positions held by each. Our board of directors elects our executive officers annually by majority vote. Each director's term continues until his or her successor is elected or qualified at the next annual meeting, unless such director earlier resigns or is removed.

Name	Age	Positions and Offices
Matthew Pierce	42	Director and Chief Executive Officer
Craig Finster	44	President and Chief Financial Officer
Alex Peachey	46	Chief Technology Officer
Keyvan Peymani	43	Chairman of the Board of Directors
Brian Tingle	47	Independent Director
Michelle Gahagan	62	Independent Director
Paul Vlasic	50	Independent Director

The following is information about the experience and attributes of the members of our board of directors and senior executive officers as of the date of this prospectus. The experience and attributes of our directors discussed below provide the reasons that these individuals were selected for board membership, as well as why they continue to serve in such positions.

Matthew Pierce, 42, was the Founder of Versus LLC and joined our company as Chief Executive Officer and a director in 2016. Mr. Pierce has over 20 years of experience working in entertainment and technology. Prior to founding Versus Systems, Mr. Pierce founded in June 2014 and was until June 2016 the chief executive officer of OLabs, LLC, a technology incubator that founded Versus. From April 2011 to June 2014, Mr. Pierce was Vice President of Strategy at Originate Inc., a business incubator where he worked with early-stage technology companies. Since 2014, Mr. Pierce has been a Lecturer at the University of California, Los Angeles, or UCLA, Anderson School of Management and in the Economics department at UCLA, where he teaches entrepreneurship. Mr. Pierce is a graduate of Stanford University and earned his MBA from the UCLA Anderson School of Management.

Craig Finster, 44, joined our company as Chief Financial Officer in 2016 and additionally as President in 2019. Mr. Finster has over 20 years of experience in finance, accounting, and corporate development for technology companies. Between April 2010 and March 2019, Mr. Finster worked at Originate, Inc. in a variety of roles, including Sr. Vice President of Corporate Partnerships and Managing Director of Originate's Strategic Advisory Group, which focused on capital advisory for early and growth stage companies. He received his bachelor's degrees in economics and finance from the University of Arizona and his MBA from the UCLA Anderson School of Management.

Alex Peachey, 46, joined our company as Chief Technology Officer in May 2016. Mr. Peachey leads the architecture efforts for our Elixir-based Winfinite challenge platform. Prior to joining us, Mr. Peachey founded Threadbias LLC in January 2011, an online community for people who love to sew and wish to exchange ideas, share projects and join or create groups. He continues to serve as their CEO. From February 2012 to May 2016, Mr. Peachey served the Director of Engineering at Originate, Inc., where he managed a team of software engineers. He holds a BS in Computer Science from Western Washington University and an MBA from the University of Washington.

Keyvan Peymani, 43, joined our company as a director in 2016. Mr. Peymani is a veteran senior executive and leader working at the intersection of technology, media, and venture capital. From March 2017 to January 2019, Mr. Peymani served as the Head of Startup Marketing for Amazon Web Services where he was responsible for the global marketing strategy. Since January 2016, he has been serving as a Venture Partner and Senior Advisor to Touchdown Ventures, a venture capital firm pairing with several leading corporations to establish and manage their platforms. From June 2012 to February 2016, Mr. Peymani served as the Managing Director, Digital Strategy Division at ICM Partners, one of the world's largest talent and literary agencies, and was the firm's chief digital executive, reporting to the Executive Board. Mr. Peymani has a BA in Religious Studies and a BA in Neurobiology with concentrations in Neuroscience from Northwestern University. He holds an MBA from the UCLA Anderson School of Management.

Brian Tingle, 47, joined our Company as a director in 2016. Mr. Tingle began his career in the Canadian banking sector, and has been involved in the capital markets for the past 20 years as an advisor. In April 1996, Mr. Tingle founded and has since been serving as the President of Tingle Resource Management, a consulting firm which specializes in advising board members in capital markets and finance. Since January 2017, Mr. Tingle has been serving as a director at Cellstop Systems, a Canadian cell company involved in mining. From 2011 to December 2018, he also served as a director at Torch River Farms, a private company that owned and operated farmland in Canada. Mr. Tingle graduated from University of British Columbia with a Bachelor of Commerce with a major in Finance and a minor in Accounting.

Michelle Gahagan, 62, joined our company as a director in 2016. Since May 2006, Ms. Gahagan has been serving as the Managing Director of Intrepid Financial, a privately-held merchant bank based in Vancouver, British Columbia and London, England. In August 2014, Ms. Gahagan founded and has since been serving as a director of France Bike Rentals, a large bike rental business with over 500 rental bikes and over 2,500 annual reservations. Since January 2018, Ms. Gahagan has been serving as the Board Chair of Canadian Palladium Resources, an exploration company specializing in palladium and cobalt projects. From February 2016 to June 2018, she also served as a director at US Cobalt Inc., a Canadian-based company focused on the exploration of cobalt assets in the Idaho cobalt belt. Ms. Gahagan graduated from Queens University Law School and practiced corporate law for 20 years. Ms. Gahagan has extensive experience advising companies with respect to international tax-driven structures, mergers and acquisitions.

Paul Vlasic, 50, joined our Company as a director in 2016. Mr. Vlasic currently serves as Chairman at the Vlasic Group, a family office with diversified holdings. He has been involved there since August 1986 and participates in all asset allocation, investment decisions and long-term strategic planning. He is a Founding Partner at RSVP Ventures and has been working there since March 2008. RSVP Ventures specializes in investing in early stage businesses supporting entrepreneurs and their ideas, turning them into market-leading companies. He also founded Amplifinity, LLC in February 2009 and served as the CEO and Chairman of the board of directors until its sale in August 2019. Amplifinity provided its clients a software-as-a-service solution that permitted them to efficiently launch and manage marketing campaigns to generate referrals, reviews, and testimonials at scale, capturing leads and tracking the performance of those leads within CRM platforms. Mr. Vlasic serves as Chairman of four craft spirit brands, Papa's Pilar Rum, Suerte Tequila, Treaty Oak Whiskey, and Waterloo Gin. Mr. Vlasic also serves on multiple boards within the Henry Ford Health System and is the past Chairman of the University of Michigan College of Engineering's Center for Entrepreneurship. He is a graduate of Rollins College and earned his MBA with Distinction from the University of Michigan Ross School of Business.

Board Composition and Structure; Director Independence

Our business and affairs are managed under the direction of our board of directors. Our board of directors currently consists of five members. The term of office for each director will be until his or her successor is elected at our annual meeting or his or her death, resignation or removal, whichever is earliest to occur.

While we do not have a stand-alone diversity policy, in considering whether to recommend any director nominee, including candidates recommended by shareholders, we believe that the backgrounds and qualifications of the directors, considered as a group, should provide a significant mix of experience, knowledge and abilities that will allow our board of directors to fulfill its responsibilities. As set forth in our corporate governance guidelines, when considering whether directors and nominees have the experience, qualifications, attributes or skills, taken as a whole, to enable our board of directors to satisfy its oversight responsibilities effectively in light of our business and structure, the board of directors focuses primarily on each person's background and experience as reflected in the information discussed in each of the directors' individual biographies set forth above. We believe that our directors and director nominees will provide an appropriate mix of experience and skills relevant to the size and nature of our business.

Our board of directors expects a culture of ethical business conduct. Our board of directors encourages each member to conduct a self-review to determine if he or she is providing effective service with respect to both our company and our shareholders. Should it be determined that a member of our board of directors is unable to effectively act in the best interests of our shareholders, such member would be encouraged to resign.

Board Leadership Structure

Our articles and our corporate governance guidelines provide our board of directors with flexibility to combine or separate the positions of Chairman of the Board and Chief Executive Officer in accordance with its determination that utilizing one or the other structure is in the best interests of our company. Matthew Pierce currently serves as our Chief Executive Officer and Keyvan Peymani serves as Chairman of the Board.

As Chairman of the Board, Mr. Peymani's key responsibilities will include facilitating communication between our board of directors and management, assessing management's performance, managing board members, preparation of the agenda for each board meeting, acting as chair of board meetings and meetings of our company's shareholders and managing relations with shareholders, other stakeholders and the public.

We will take steps to ensure that adequate structures and processes are in place to permit our board of directors to function independently of management. The directors will be able to request at any time a meeting restricted to independent directors for the purposes of discussing matters independently of management and are encouraged to do so should they feel that such a meeting is required.

Foreign Private Issuer Status

Under the Nasdaq Listing Rules, as a foreign private issuer, we may elect to follow our home country practice in lieu of the corporate governance requirements of the Nasdaq Listing Rules, with the exception of those rules that are required to be followed pursuant to the provisions of the Nasdaq Listing Rules. We have elected to follow Canadian practices in lieu of the requirements of the Nasdaq Listing Rules to the extent permitted under Nasdaq Listing Rule 5615(a)(3). When our common shares are listed on The Nasdaq Capital Market, we intend to continue to follow Canadian corporate governance practices in lieu of the corporate governance requirements of The Nasdaq Capital Market in respect of the quorum requirement for meetings of our common shareholders as described below.

Committees of our Board of Directors

The standing committees of our board of directors consist of an audit committee, a compensation committee and a nominating and corporate governance committee. Each of the committees reports to our board of directors as they deem appropriate and as our board may request. Each committee of our board of directors has a committee charter that will set out the mandate of such committee, including the responsibilities of the chair of such

The composition, duties and responsibilities of these committees are set forth below.

Audit Committee

The audit committee is responsible for, among other matters:

- appointing, retaining and evaluating our independent registered public accounting firm and approving all services to be performed by them;
- overseeing our independent registered public accounting firm's qualifications, independence and performance;
- overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the interim and annual financial statements that we file with the SEC;
- reviewing and monitoring our accounting principles, accounting policies, financial and accounting controls and compliance with legal and regulatory requirements;
- establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls or auditing matters; and
- reviewing and approving related person transactions.

Our audit committee consists of three of our directors, Brian Tingle, Paul Vlasic, and Michelle Gahagan, each of whom meets the definition of "independent director" for purposes of serving on an audit committee under Rule 10A-3 under the Exchange Act and Nasdaq listing rules. Mr. Tingle serves as chairman of our audit committee. Our board of directors has determined that Mr. Tingle qualifies as an "audit committee financial expert," as such term is defined in Item 407(d)(5) of Regulation S-K under the Securities Act. The written charter for our audit committee will be available on our corporate website at *www.versussystems.com*, upon the completion of this offering. The information on our website is not part of this prospectus.

Compensation Committee

The compensation committee is responsible for, among other matters:

- reviewing key employee compensation goals, policies, plans and programs;
- reviewing and approving the compensation of our directors, chief executive officer and other executive officers;
- producing an annual report on executive compensation in accordance with the rules and regulations promulgated by the SEC;
- reviewing and approving employment agreements and other similar arrangements between us and our executive officers; and
- administering our stock plans and other incentive compensation plans.

Our compensation committee consists of three of our directors, Messrs. Tingle, Vlasic and Ms. Gahagan , each of whom meets the definition of "independent director" under the Nasdaq rules and the definition of non-employee director under Rule 16b-3 promulgated under the Exchange Act. Mr. Tingle serves as chairman of our compensation committee. Our board of directors has adopted a written charter for the compensation committee in connection with this offering, which will be available on our corporate website at *www.versussystems.com*, upon the completion of this offering. The information on our website is not part of this prospectus.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee will be responsible for, among other matters:

- determining the qualifications, qualities, skills and other expertise required to be a director and developing and recommending to the board for its approval criteria to be considered in selecting nominees for director;
- identifying and screening individuals qualified to become members of our board of directors, consistent with criteria approved by our board of directors;
- overseeing the organization of our board of directors to discharge our board's duties and responsibilities properly and efficiently;
- reviewing the committee structure of the board of directors and the composition of such committees and recommending directors to be appointed to each committee and committee chairmen;
- identifying best practices and recommending corporate governance principles; and
- developing and recommending to our board of directors a set of corporate governance guidelines and principles applicable to us.

Our nominating and corporate governance committee consists of three of our directors, Messrs. Tingle and Vlasic and Ms. Gahagan, each of whom meets the definition of "independent director" under the Nasdaq rules. Ms. Gahagan serves as chairman of our nominating and corporate governance committee. Our board of directors has adopted a written charter for the nominating and corporate governance committee in connection with this offering, which will be available on our corporate website at *www.versussystems.com*, upon the completion of this offering. The information on our website is not part of this prospectus.

Compensation Committee Interlocks and Insider Participation

None of our executive officers currently serves, or in the past fiscal year has served, as a member of the board of directors or compensation committee of another entity that had one or more of its executive officers serving as a member of our board of directors or compensation committee. None of the members of our compensation committee, when appointed, will have at any time been one of our officers or employees.

Other Committees

Our board of directors may establish other committees as it deems necessary or appropriate from time to time.

Director Term Limits

Our board of directors has not adopted policies imposing an arbitrary term or retirement age limit in connection with individuals serving as directors as it does not believe that such a limit is in the best interests of our company. Our nominating and corporate governance committee will annually review the composition of our board of directors, including the age and tenure of individual directors. Our board of directors will strive to achieve a balance between the desirability of its members having a depth of relevant experience, on the one hand, and the need for renewal and new perspectives, on the other hand.

Risk Oversight

Our board of directors oversees the risk management activities designed and implemented by our management. Our board of directors executes its oversight responsibility for risk management both directly and through its committees. The full board of directors also considers specific risk topics, including risks associated with our strategic plan, business operations and capital structure. In addition, our board of directors regularly receives detailed reports from members of our senior management and other personnel that include assessments and potential mitigation of the risks and exposures involved with their respective areas of responsibility.

Our board of directors has delegated to the audit committee oversight of our risk management process. Our other board committees also consider and address risk as they perform their respective committee responsibilities. All committees report to the full board of directors as appropriate, including when a matter rises to the level of a material or enterprise level risk.

Code of Ethics

Our board of directors has adopted a Code of Ethics that applies to all of our employees, including our chief executive officer, chief financial officer and principal accounting officer. Our Code of Ethics will be available on our website at *www.versussystems.com* by clicking on “Investors.” If we amend or grant a waiver of one or more of the provisions of our Code of Ethics, we intend to satisfy the requirements under Item 5.05 of Form 8-K regarding the disclosure of amendments to or waivers from provisions of our Code of Ethics that apply to our principal executive officer, financial and accounting officers by posting the required information on our website at the above address within four business days of such amendment or waiver. The information on our website is not part of this prospectus.

Our board of directors, management and all employees of our company are committed to implementing and adhering to the Code of Ethics. Therefore, it is up to each individual to comply with the Code of Ethics and to be in compliance of the Code of Ethics. If an individual is concerned that there has been a violation of the Code of Ethics, he or she will be able to report in good faith to his or her superior. While a record of such reports will be kept confidential by our company for the purposes of investigation, the report may be made anonymously and no individual making such a report will be subject to any form of retribution.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table provides certain summary information concerning compensation awarded to, earned by or paid to the individuals who served as our principal executive officer at any time during fiscal 2019 and 2018, and our two other most highly compensated officers in fiscal 2019 and 2018. These individuals are referred to in this prospectus as the "named executive officers." The salaries and bonuses paid or earned by our executives were denominated in U.S. dollars and converted to Canadian dollars using the exchange rate as of June 30, 2020 which was 1.36 Canadian dollars per U.S. dollar.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	All Other Compensation ($)	Total ($)
Matthew Pierce	2019	$ 217,600	$ 54,400	$ -	$ 227,100	$ -	$ 499,100
Chief Executive Officer	2018	217,600	54,400	-	-	-	272,000
Craig Finster	2019	154,133	54,400	-	246,000	-	454,533
President and Chief Financial Officer[(1)]	2018	-	-	-	-	-	-
Alex Peachey	2019	231,200	32,640	-	227,100	-	490,940
Chief Technology Officer	2018	188,700	26,520	-	158,200	-	373,420

(1) Mr. Finster commenced employment with our company on May 1, 2019.

Employment Contracts and Potential Payments Upon Termination or Change in Control

On June 30, 2016, we entered into employment agreement with Matthew Pierce, our Chief Executive Officer, on May 1, 2019, we entered into an employment agreement with Craig Finster, our President and Chief Financial Officer, and on April 20, 2020, we entered into an employment agreement with Keyvan Peymani, our Executive Chairman of the Board. The original terms of the employment agreements are two years, which shall be automatically renewed for one year upon expiration of the prior term unless either party provides at least six-month notice to the other party that it does not wish to renew the agreement.

The following is a summary of the compensation arrangements set forth in each employment agreement described above:

Executive	Title	Annual Base Salary	Annual Cash Bonus	Equity Compensation in Warrants (In Shares) (2)	Equity Compensation in Options (In Shares) (3)
Matthew Pierce	Chief Executive Officer	US$ 160,000	(1)	7,059,000	2,824,000
Craig Finster	Chief Financial Officer	US$ 160,000	(1)	-	100,000
Keyvan Peymani	Executive Chairman of the Board	US$ 160,000	(1)	-	100,000

(1) Each of the executive officers receive an annual cash bonus of twenty-five percent (25%) of his base salary, and an annual performance cash bonus in accordance with EBITDA achievement in the relevant fiscal year. In particular, each executive officer receives a bonus equal to 50%, 100% or 200% of his base salary if we generate EBITDA of at least $1 million, $2 million or $4 million, respectively, within the then current fiscal year. Each executive officer is also eligible for a discretionary cash bonus determined by our board of directors.

(2) Representing warrants to purchase our common shares at $ per share, which shall vest in accordance with the achievements of certain performance milestones or service date.

(3) The options vest in three installments with one-third vesting immediately and one-third vesting on each of the first and second anniversaries of the date of the employment agreement and have an exercise price of $ per share.

If the employment agreement is terminated for "good reason" as defined therein and we receive proper notice or if the employment agreement is involuntarily terminated other than for "just cause" as defined therein, then we shall pay the executive officer (i) any accrued benefits and (ii) a severance amount equal to the sum of (w) 12 months of his then-current base salary; (x) his maximum discretionary bonus for the then-current fiscal year; (y) his annual bonus for the prior fiscal year; and (z) his maximum performance cash bonus provided in the employment agreement for the then-current fiscal year. In addition, in this circumstance, the executive's equity compensation shall be fully and immediately vested and exercisable, as applicable. If the employment agreement is terminated without good cause, then the executive officer shall receive his accrued benefits, the prorate bonus and the performance cash bonus, if any, as of the termination date. Upon termination of this agreement, we will pay the executive officer any lump sum payment due to him under his agreement within ten business days of the date of termination.

Equity Incentive Plans

On May 17, 2017, our board of directors adopted our 2017 Stock Option Plan, or the 2017 Plan, to provide an additional means to attract, motivate, retain and reward selected employees and other eligible persons. Our stockholders approved the 2017 Plan on or about June 29, 2017. Employees, officers, directors, advisors and consultants that provided services to us or one of our subsidiaries are eligible to receive awards under the 2017 Plan. The total number of common shares that are at any time reserved for issuance under the 2017 Plan and under all other management option plans and employee stock purchase plans, if any, cannot exceed in the aggregate a number of common shares equal to 15% of the number of common shares issued and outstanding at that time. Options have a maximum term of ten years and vesting is determined by our board of directors.

As of September 30, 2020, stock option grants for the purchase of an aggregate of common shares had been made under the 2017 Plan, and of those stock options had been cancelled or exercised. As of that date, there remained common shares authorized under the 2017 Plan remained available for award purposes.

Our board of directors may amend or terminate the 2017 Plan at any time, but no such action will affect any outstanding award in any manner materially adverse to a participant without the consent of the participant.

The following information is a brief description of the 2017 Plan, which is filed as an exhibit to the registration statement of which this prospectus forms a part:

a) *Number of Shares*: At no time shall the number of common shares reserved for issuance to any one person pursuant to stock options granted under the 2017 Plan or otherwise, unless permitted by regulatory authorities and by a vote of shareholders, exceed five (5%) percent of the outstanding common shares in any 12-month period.

b) *Option Price*: The option price of a stock option granted under the 2017 Plan shall be fixed by our board of directors but shall be not less than the Market Price of our common shares at the time the stock option is granted, or such lesser price as may be permitted pursuant to the rules of any regulatory authority having jurisdiction over our common shares issued, which rules may include provisions for certain discounts in respect to the option price. For the purpose of the 2017 Plan, the "Market Price" at any date in respect of our common shares shall mean, subject to a minimum exercise price of $ per option, the greater of:

   a. the closing price of our common shares on a stock exchange on which our common shares are listed and posted for trading or a quotation system for a published market upon which the price of our common shares is quoted, as may be selected for such purpose by our board of directors (the "Market"), on the last trading day prior to the date the stock option is granted; and

   b. the closing price of our common shares on the Market on the date on which the stock option is granted. In the event that such shares did not trade on such trading day, the Market Price shall be the average of the bid and ask prices in respect of such shares at the close of trading on such trading day as reported thereof. In the event that our common shares are not listed and posted for trading or quoted on any Market, the Market Price shall be the fair market value of such shares as determined by our board of directors in its sole discretion.

c) *Reduction in Option Price*: The option price of a stock option granted under the 2017 Plan to an insider of our company (as that term is defined in the Securities Act (British Columbia)) shall not be reduced without prior approval from the disinterested shareholders of our company.

d) *Payment*: The full purchase price payable for shares under a stock option shall be paid in cash or certified funds upon the exercise thereof. A holder of a stock option shall have none of the rights of a shareholder until the shares are paid for and issued.

e) *Term of Option*: Stock options may be granted under the 2017 Plan for a period not exceeding ten years.

f) *Vesting*: Unless our board of directors determines otherwise at its discretion, a stock option shall vest immediately upon being granted.

g) *Exercise of Option*: Except as specifically provided for in the 2017 Plan, no stock option may be exercised unless the optionee is at the time of exercise an Eligible Person (as defined by the 2017 Plan). If the optionee is an employee or consultant, the optionee shall represent to us that he or she is a bona fide employee or consultant of our company. The 2017 Plan shall not confer upon the optionee any right with respect to continuation of employment by our company. Leave of absence approved by an officer of our company authorized to give such approval shall not be considered an interruption of employment for any purpose of the 2017 Plan. Subject to the provisions of the 2017 Plan, a stock option may be exercised from time to time by delivery to us of written notice of exercise specifying the number of shares with respect to which the stock option is being exercised and accompanied by payment in full, by cash or certified check, of the purchase price of the shares then being purchased.

h) *Non-transferability of Stock Option*: No stock option shall be assignable or transferable by the optionee, except to a personal holding corporation of the optionee, other than by will or the laws of descent and distribution.

i) *Applicable Laws or Regulations*: Our obligation to sell and deliver shares under each stock option is subject to our compliance with any laws, rules and regulations of Canada and any provinces and/or territories thereof applying to the authorization, issuance, listing or sale of securities and is also subject to the acceptance for listing of the shares which may be issued upon the exercise thereof by each stock exchange upon which our common shares are then listed for trading.

j) *Termination of Options*. Unless the option agreement provides otherwise, all stock options will terminate:

   a. in the case of stock options granted to an employee or consultant employed or retained to provide investment relations services, 30 days after the optionee ceases to be employed or retained to provide investment relations services;

   b. in the case of stock options granted to other employees, consultants, directors, officers or advisors, 90 days following

      i. our termination, with or without cause, of the optionee's employment or other relationship with our company or an affiliate of our company, or

      ii. the termination by the optionee of any such relationship with our company or an affiliate of our company;

      iii. or in the case of death or permanent and total disability of the optionee, all stock options will terminate 12 months following the death or permanent and total disability of the optionee, and the deceased optionee's heirs or administrators may exercise all or a portion of the stock option during that period.

Any stock options granted under the 2017 Plan that are cancelled, terminated or expire will remain available for granting under the 2017 Plan at the current Market Price

k) *Amendments.* Subject to the approval of regulatory authorities having jurisdiction, our board of directors may from time to time amend or revise the terms of the 2017 Plan, or may terminate the 2017 Plan at any time; provided, however, that no such action shall adversely affect the rights of any optionee under any outstanding stock option without such optionee's prior consent. Upon the mutual consent of the optionee and our board of directors, the terms of an option agreement may be amended, subject to regulatory approval and shareholder approval as may be required from time to time.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth outstanding equity awards to our named executive officers as of December 31, 2019.

	Option Awards			Stock Awards	
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Option Exercise Price**	**Option Expiration Date**	**Number of Shares or Units of Stock that have not Vested**	**Market Value of Shares of Units of Stock that have not Vested**
Matthew Pierce		$	April 2, 2024	-	-
Matthew Pierce		$	Sept 27, 2024	-	-
Matthew Pierce		$	July 13, 2021	-	-
Matthew Pierce		$	Sept 14, 2022	-	-
Craig Finster		$	July 13, 2021	-	-
Craig Finster		$	April 2, 2024	-	-
Craig Finster		$	Sept 27, 2021	-	-
Alex Peachey		$	Sept 27, 2024	-	-
Alex Peachey		$	July 13, 2021	-	-

Equity Compensation Plan Information

The following table provides information as of December 31, 2019, regarding our compensation plans under which equity securities are authorized for issuance:

Plan category	**Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights**	**Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights**	**Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))**
	(a)	**(b)**	**(c)**
Equity compensation plans approved by security holders		$	
Equity compensation plans not approved by security holders	-	-	-
Total		$	

DIRECTOR COMPENSATION

All directors hold office until the next annual meeting of shareholders at which their respective class of directors is re-elected and until their successors have been duly elected and qualified. There are no family relationships among our directors or executive officers. Officers are elected by and serve at the discretion of the Board of Directors. Directors do not receive any compensation for their services.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information relating to the beneficial ownership of our common shares as of September 30, 2020 by:

- each person, or group of affiliated persons, known by us to beneficially own 5% or more of our outstanding common shares;
- each of our named executive officers and members of our board of directors; and
- all executive officers and members of our board of directors as a group.

The amounts and percentages of common shares beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, or "investment power," which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days after September 30, 2020. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed a beneficial owner of securities as to which he has no economic interest. Except as indicated by footnote, to our knowledge, the persons named in the table below have sole voting and investment power with respect to all common shares shown as beneficially owned by them.

In the table below, the percentage of beneficial ownership of our common shares is based on shares of our common shares outstanding as of September 30, 2020. Unless otherwise noted below, the address of the persons listed on the table is c/o Versus Systems Inc., 1558 West Hastings Street, Vancouver BC V6G 3J4 Canada.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Shares Beneficially Owned[1]	
		Before Offering	After Offering
Named Executive Officers and Directors			
Matthew Pierce[2]		6.8%	
Craig Finster[3]		*	
Alex Peachey[4]		*	
Keyvan Peymani[5]		1.6	
Brian Tingle[6]		6.5	
Michelle Gahagan[7]		*	
Paul Vlasic[8]		5.2	
Kelsey Chin[9]		1.5	
Executive Officers and Directors as a Group (eight persons)		19.6	

* Indicates beneficial ownership of less than 1% of the total outstanding common shares.

(1) The percentages in the table have been calculated on the basis of treating as outstanding for a particular person, all common shares outstanding on September 30, 2020. On September 30, 2020, there were common shares outstanding. To calculate a shareholder's percentage of beneficial ownership, we include in the numerator and denominator the common shares outstanding and all common shares issuable to that person in the event of the exercise of outstanding options and other derivative securities owned by that person that are exercisable within 60 days of September 30, 2020. Common share options and derivative securities held by other shareholders are disregarded in this calculation. Therefore, the denominator used in calculating beneficial ownership among our shareholders may differ. Unless we have indicated otherwise, each person named in the table has sole voting power and sole investment power for the shares listed opposite such person's name.

(2) Represents common shares issuable upon the exercise of outstanding share purchase options and common shares issuable upon the exercise of outstanding warrants.

(3) Includes common shares issuable upon the exercise of outstanding share purchase options.

(4) Represents common shares issuable upon the exercise of outstanding share purchase options.

(5) Includes common shares issuable upon the exercise of outstanding share purchase options and common shares issuable upon the exercise of outstanding warrants.

(6) Includes common shares issuable upon the exercise of outstanding share purchase options.

(7) Includes common shares issuable upon the exercise of outstanding share purchase options.

(8) Includes common shares issuable upon the exercise of outstanding share purchase options and common shares issuable upon the exercise of outstanding warrants.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

A "related party transaction" is any actual or proposed transaction, arrangement or relationship or series of similar transactions, arrangements or relationships, including those involving indebtedness not in the ordinary course of business, to which we or our subsidiaries were or are a party, or in which we or our subsidiaries were or are a participant, in which the amount involved exceeded or exceeds the lesser of (i) US$120,000 or (ii) one percent of the average of our total assets at year-end for the last two completed fiscal years and in which any related party had or will have a direct or indirect material interest. A "related party" includes:

- any person who is, or at any time during the applicable period was, one of our executive officers or one of our directors;
- any person who beneficially owns more than 5% of our common share;
- any immediate family member of any of the foregoing; or
- any entity in which any of the foregoing is a partner or principal or in a similar position or in which such person has a 10% or greater beneficial ownership interest.

Other than the transactions described below and the compensation arrangements for our named executive officers, which we describe above, there were no related party transactions to which we were a party since the beginning of the Company's last fiscal year, or any currently proposed related party transaction.

At December 31, 2019, a total of $492,181 was included in accounts payable and accrued liabilities owing to our officers, directors, or companies controlled by them in respect of accrued bonuses, expenses payable and other reimbursable expenses. These amounts are unsecured and non-interest bearing.

Between November 7, 2017 and November 18, 2020, we borrowed an aggregate of $5,971,487 in 28 separate loan transactions from Brian Tingle, a director of our company. Each loan bears interest at the prime rate of the Bank of Canada, which was 2.45% per annum and 3.95% per annum at June 30, 2020 and December 31, 2019, respectively, compounded annually and payable quarterly, and had a maturity date of three years from the date of the respective loan. At June 30, 2020 and December 31, 2019, the aggregate outstanding principal amounts of such loans was $5,735,820 and $5,470,000, respectively. We made no payments of principal or interest on such loans during the six-month period ended June 30, 2020 or the year ended December 31, 2019.

Between October 18, 2018 and March 15, 2020, we borrowed an aggregate of $580,000 in three separate loan transactions from Matthew Pierce, our Chief Executive Officer and a director of our company. Each loan bears interest at the prime rate of the Bank of Canada, which was 2.45% per annum and 3.95% per annum at June 30, 2020 and December 31, 2019, respectively, compounded annually and payable quarterly, and had a maturity date of three years from the date of the respective loan. At June 30, 2020 and December 31, 2019, the aggregate outstanding principal amounts of such loans was $350,000 and $0, respectively. During the six-month period ended June 30, 2020 and the year ended December 31, 2019, we paid principal and interest in respect of such loans in the aggregate amounts of $0 and $230,000, respectively.

DESCRIPTION OF SHARE CAPITAL

General

Upon the closing of this offering, our authorized share capital will consist of an unlimited number of common shares and an unlimited number of Class A Shares, each without par value. Immediately following the closing of this offering, we expect to have issued and outstanding common shares (common shares if the underwriter's option to purchase additional common shares is exercised in full) and 5,057 Class A Shares. The number of issued Class A Shares shall remain the same after the offering. Immediately following the closing of this offering, we also expect to have outstanding vested and unvested restricted share units granted pursuant to our equity incentive plans to acquire common shares and restricted share units available for grant under our equity incentive plans to acquire common shares.

The following description of our share capital and provisions of our articles and Notice of Articles are summaries of material terms and provisions and are qualified by reference to our articles and Notice of Articles, copies of which have been filed with the SEC as exhibits to the registration statement of which this prospectus is a part.

Common Shares

The holders of our common shares are entitled to one vote for each share held at any meeting of shareholders. The holders of our common shares are entitled to receive dividends as and when declared by our board of directors. In the event of our liquidation, dissolution or winding-up or other distribution of our assets among our shareholders, the holders of our common shares are entitled to share pro rata in the distribution of the balance of our assets. There are no preemptive, redemption, purchase or conversion rights attaching to our common shares. There are no sinking fund provisions applicable to our common shares. The common shares offered in this offering, upon payment and delivery in accordance with the underwriting agreement, will be fully paid and non-assessable.

Class A Shares

We are authorized to issue an unlimited number of Class A Shares. The Class A Shares do not have any special rights or restrictions attached. As of , 2020, there were 5,057 Class A Shares issued and outstanding.

Warrants to be issued in this Offering

The following summary of certain terms and provisions of the warrants offered hereby is not complete and is subject to, and qualified in its entirety by, the provisions of the form of the warrant, which is filed as an exhibit to the registration statement of which this prospectus is a part of. Prospective investors should carefully review the terms and provisions set forth in the form of warrant.

Unit A Warrants

Exercisability. The Unit A Warrants are exercisable immediately upon issuance and at any time up to the date that is five years from the date of issuance. The Unit A Warrants will be exercisable, at the option of each holder, in whole or in part, by delivering to us a duly executed exercise notice accompanied by payment in full for the number of our common shares purchased upon such exercise (except in the case of a cashless exercise as discussed below). Unless otherwise specified in the warrant, the holder will not have the right to exercise any portion of the warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% of the number of our common shares outstanding immediately after giving effect to the exercise (or, upon election by a holder prior to the issuance of any Unit A Warrants, 9.99%), as such percentage ownership is determined in accordance with the terms of the Unit A Warrants.

Cashless Exercise. In the event that a registration statement covering common shares underlying the Unit A Warrants, is not available for the issuance of such common shares underlying the Unit A Warrants, the holder may, in its sole discretion, exercise the warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to us upon such exercise in payment of the aggregate exercise price, elect instead to receive upon such exercise the net number of common shares determined according to the formula set forth in the warrant. In no event shall we be required to make any cash payments or net cash settlement to the registered holder in lieu of issuance of common shares underlying the Unit A Warrants.

Certain Adjustments. The exercise price and the number of common shares purchasable upon the exercise of the Unit A Warrants are subject to adjustment upon the occurrence of specific events, including stock dividends, stock splits, combinations and reclassifications of our common shares.

Transferability. Subject to applicable laws, the Unit A Warrants may be transferred at the option of the holders upon surrender of the Unit A Warrants to our warrant agent together with the appropriate instruments of transfer.

Exchange Listing. We intend to apply to The Nasdaq Capital Market to list our Unit A Warrants under the symbol "VSSYW". No assurance can be given that a trading market will develop.

Warrant Agent. The Unit A Warrants will be issued in registered form under a warrant agent agreement between Computershare, as warrant agent, and us.

Fundamental Transactions. If, at any time while the Unit A Warrants are outstanding, (1) we consolidate or merge with or into another corporation and we are not the surviving corporation, (2) we sell, lease, license, assign, transfer, convey or otherwise dispose of all or substantially all of our assets, (3) any purchase offer, tender offer or exchange offer (whether by us or another individual or entity) is completed pursuant to which holders of our common shares are permitted to sell, tender or exchange their common shares for other securities, cash or property and has been accepted by the holders of 50% or more of our outstanding common shares, (4) we effect any reclassification or recapitalization of our common shares or any compulsory share exchange pursuant to which our common shares are converted into or exchanged for other securities, cash or property, or (5) we consummate a stock or share purchase agreement or other business combination with another person or entity whereby such other person or entity acquires more than 50% of our outstanding common shares, each a "Fundamental Transaction," then upon any subsequent exercise of the Unit A Warrants, the holder thereof will have the right to receive the same amount and kind of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of the number of warrant shares then issuable upon exercise of the warrant, and any additional consideration payable as part of the Fundamental Transaction.

Rights as a Stockholder. Except as otherwise provided in the Unit A Warrants or by virtue of such holder's ownership of our common shares, the holder of a warrant does not have the rights or privileges of a holder of our common shares, including any voting rights, until the holder exercises the warrant.

Beneficial Ownership Limitation. A holder's exercise shall be limited to 4.99% of our outstanding common shares (or, upon election by a holder prior to the issuance of any Unit A Warrants, 9.99%) of the number of the common shares outstanding immediately after giving effect to the issuance of common shares issuable upon exercise. The holder, upon notice to us, may increase or decrease the beneficial ownership limitation provided that the beneficial ownership limitation in no event exceeds 9.99% of the number of the common shares outstanding immediately after giving effect to the issuance of common shares upon exercise of the warrant held by the holder. Any increase in the beneficial ownership limitation will not be effective until the 61st day after such notice is delivered to the Company.

Governing Law. The Unit A Warrants and the warrant agency agreement are governed by New York law.

Unit B Warrants

Exercisability. The Unit B Warrants are exercisable immediately upon issuance and at any time up to the date that is one year from the date of issuance. The Unit B Warrants will be exercisable, at the option of each holder, in whole or in part, by delivering to us a duly executed exercise notice accompanied by payment in full for the number of our common shares purchased upon such exercise. Unless otherwise specified in the Unit B Warrant, the holder will not have the right to exercise any portion of the Unit B Warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% of the number of our common shares outstanding immediately after giving effect to the exercise (or, upon election by a holder prior to the issuance of any Unit B Warrants, 9.99%), as such percentage ownership is determined in accordance with the terms of the Unit B Warrants.

Certain Adjustments. The exercise price and the number of common shares purchasable upon the exercise of the Unit B Warrants are subject to adjustment upon the occurrence of specific events, including stock dividends, stock splits, combinations and reclassifications of our common shares.

Transferability. Subject to applicable laws, the Unit B Warrants may be transferred at the option of the holders upon surrender of the Unit B Warrants to our warrant agent together with the appropriate instruments of transfer.

Warrant Agent. The Unit B Warrants will be issued in registered form under a warrant agent agreement between Computershare, as warrant agent, and us.

Fundamental Transactions. If, at any time while the Unit B Warrants are outstanding, (1) we consolidate or merge with or into another corporation and we are not the surviving corporation, (2) we sell, lease, license, assign, transfer, convey or otherwise dispose of all or substantially all of our assets, (3) any purchase offer, tender offer or exchange offer (whether by us or another individual or entity) is completed pursuant to which holders of our common shares are permitted to sell, tender or exchange their common shares for other securities, cash or property and has been accepted by the holders of 50% or more of our outstanding common shares, (4) we effect any reclassification or recapitalization of our common shares or any compulsory share exchange pursuant to which our common shares are converted into or exchanged for other securities, cash or property, or (5) we consummate a stock or share purchase agreement or other business combination with another person or entity whereby such other person or entity acquires more than 50% of our outstanding common shares, each a "Fundamental Transaction," then upon any subsequent exercise of the Unit B Warrants, the holder thereof will have the right to receive the same amount and kind of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of the number of warrant shares then issuable upon exercise of the Unit B Warrant, and any additional consideration payable as part of the Fundamental Transaction.

Rights as a Stockholder. Except as otherwise provided in the Unit B Warrants or by virtue of such holder's ownership of our common shares, the holder of a Unit B Warrant does not have the rights or privileges of a holder of our common shares, including any voting rights, until the holder exercises the Unit B Warrant.

Beneficial Ownership Limitation. A holder's exercise shall be limited 4.99% of our outstanding common shares (or, upon election by a holder prior to the issuance of any Unit B Warrants, 9.99%) of the number of common shares outstanding immediately after giving effect to the issuance of common shares issuable upon exercise. The holder, upon notice to us, may increase or decrease the beneficial ownership limitation provided that the beneficial ownership limitation in no event exceeds 9.99% of the number of common shares outstanding immediately after giving effect to the issuance of common shares upon exercise of the Unit B Warrant held by the holder. Any increase in the beneficial ownership limitation will not be effective until the 61st day after such notice is delivered to us.

Governing Law. The Unit B Warrants and the warrant agency agreement are governed by New York law.

Other Outstanding Warrants

At September 30, 2020, we had outstanding warrants to purchase an aggregate of common shares with an exercise price range from $ per share to $ per share. These warrants have an expiration date range from February 14, 2021 to July 17, 2022. Pursuant to the terms of such warrants, the exercise price of such warrants is subject to adjustment in the event of stock splits, combinations or the like of our common shares.

Stock Options

Pursuant to the policies of the Canadian Securities Exchange, or the CSE, we may grant incentive stock options to our officers, directors, employees and consultants. Our 2017 Plan is a rolling stock option plan whereby we can issue a number of options to purchase up to 15% of our issued and outstanding common shares. Options have a maximum term of ten years and vesting is determined by our board of directors.

During the year ended December 31, 2019, we granted stock options to purchase a total of common shares with a fair value of $1,724,580 (or $ per option). During the year ended December 31, 2019, we recorded share-based compensation of $826,360 relating to options vested during the year.

During the year ended December 31, 2018, we granted stock options to purchase a total of common shares with a fair value of $343,711 (or $ per option). During the year ended December 31, 2018, we recorded share-based compensation of $651,316 relating to options vested during the year.

As of September 30, 2020, we had outstanding incentive stock options to purchase an aggregate of common shares.

Certain Important Provisions of our Articles and the Business Corporations Act (British Columbia)

The following is a summary of certain important provisions of our articles and certain related sections of the Business Corporations Act (British Columbia), or the BCBCA. Please note that this is only a summary and is not intended to be exhaustive. This summary is subject to, and is qualified in its entirety by reference to, the provisions of our articles and the BCBCA.

Stated Objects or Purposes

Our articles do not contain stated objects or purposes and do not place any limitations on the business that we may carry on.

Directors

Power to vote on matters in which a director is materially interested. Under the BCBCA a director who has a material interest in a contract or transaction, whether made or proposed, that is material to us, must disclose such interest to us, subject to certain exceptions such as if the contract or transaction: (i) is an arrangement by way of security granted by us for money loaned to, or obligations undertaken by, the director for our benefit or for one of our affiliates' benefit; (ii) relates to an indemnity or insurance permitted under the BCBCA; (iii) relates to the remuneration of the director in his or her capacity as director, officer, employee or agent of our company or of one of our affiliates; (iv) relates to a loan to our company while the director is the guarantor of some or all of the loan; or (v) is with a corporation that is affiliated to us while the director is also a director or senior officer of that corporation or an affiliate of that corporation.

A director who holds such disclosable interest in respect of any material contract or transaction into which we have entered or propose to enter may be required to absent himself or herself from the meeting while discussions and voting with respect to the matter are taking place. Directors are also required to comply with certain other relevant provisions of the BCBCA regarding conflicts of interest.

Directors' power to determine the remuneration of directors. The remuneration of our directors is determined by our directors subject to our articles. The remuneration may be in addition to any salary or other remuneration paid to any of our employees (including executive officers) who are also directors.

Number of shares required to be owned by a director. Neither our articles nor the BCBCA provide that a director is required to hold any of our shares as a qualification for holding his or her office. Our board of directors has discretion to prescribe minimum share ownership requirements for directors.

Shareholder Meetings

Subject to applicable stock exchange requirements, we must hold a general meeting of our shareholders at least once every year at a time and place determined by our board of directors, provided that the meeting must not be held later than 15 months after the preceding annual general meeting. A meeting of our shareholders may be held anywhere in or outside British Columbia.

A notice to convene a meeting, specifying the date, time and location of the meeting, and, where a meeting is to consider special business, the general nature of the special business must be sent to each shareholder entitled to attend the meeting and to each director not less than 21 days prior to the meeting for so long as we are a public company. The accidental omission to send notice of any meeting of shareholders to, or the non-receipt of any notice by, any person entitled to notice does not invalidate any proceedings at that meeting.

Subject to the special rights and restrictions attached to the shares or any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two shareholders, or one or more proxyholder(s) representing two shareholders, or one member and a proxyholder representing another shareholder. If there is only one shareholder, the quorum is one person present and being, or representing by proxy, such shareholder. If a quorum is not present within one-half hour of the time set for the holding of a meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place, unless the meeting is a general meeting that was requisitioned by shareholders, in which case the meeting is dissolved.

Shareholder Proposals and Advance Notice Procedures

Under the BCBCA, qualified shareholders holding at least one percent (1%) of our issued voting shares or whose shares have a fair market value in excess of CAD$2,000 may make proposals for matters to be considered at the annual general meeting of shareholders. Such proposals must be sent to us in advance of any proposed meeting by delivering a timely written notice in proper form to our registered office in accordance with the requirements of the BCBCA. The notice must include information on the business the shareholder intends to bring before the meeting in the prescribed form. To be a qualified shareholder, a shareholder must currently be and have been a registered or beneficial owner of at least one share of the company for at least two years before the date of signing the proposal.

We have included certain advance notice provisions with respect to the election of our directors in our articles. The advance notice provisions are intended to: (i) facilitate orderly and efficient annual general meetings or, where the need arises, special meetings; (ii) ensure that all shareholders receive adequate notice of board nominations and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote. Only persons who are nominated in accordance with the advance notice provisions will be eligible for election as directors at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors.

Under the advance notice provisions, a shareholder wishing to nominate a director would be required to provide us notice, in the prescribed form, within the prescribed time periods. These time periods include, (i) in the case of an annual meeting of shareholders (including annual and special meetings), not less than 30 days prior to the date of the annual meeting of shareholders; provided, that if the first public announcement of the date of the annual meeting of shareholders, or the Notice Date, is less than 40 days before the meeting date, not later than the close of business on the 10th day following the Notice Date; and (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes electing directors, not later than the close of business on the 15th day following the Notice Date.

These provisions could have the effect of delaying until the next shareholder meeting the nomination of certain persons for director that are favored by the holders of a majority of our outstanding voting securities.

Limitation of Liability and Indemnification

Under the BCBCA, a company may indemnify: (i) a current or former director or officer of that company; (ii) a current or former director or officer of another corporation if, at the time such individual held such office, the corporation was an affiliate of the company, or if such individual held such office at the company's request; or (iii) an individual who, at the request of the company, held, or holds, an equivalent position in another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment actually and reasonably incurred by him or her in respect of any legal proceeding or investigative action (whether current, threatened, pending or completed) in which he or she is involved because of that person's position as an indemnifiable person, unless: (i) the individual did not act honestly and in good faith with a view to the best interests of such company or the other entity, as the case may be; or (ii) in the case of a proceeding other than a civil proceeding, the individual did not have reasonable grounds for believing that the individual's conduct was lawful. A company cannot indemnify an indemnifiable person if it is prohibited from doing so under its articles or by applicable law. A company may pay, as they are incurred in advance of the final disposition of an eligible proceeding, the expenses actually and reasonably incurred by an indemnifiable person in respect of that proceeding only if the indemnifiable person has provided an undertaking that, if it is ultimately determined that the payment of expenses was prohibited, the indemnifiable person will repay any amounts advanced. Subject to the aforementioned prohibitions on indemnification, a company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by an indemnifiable person in respect of such eligible proceeding if such indemnifiable person has not been reimbursed for such expenses, and was wholly successful, on the merits or otherwise, in the outcome of such eligible proceeding or was substantially successful on the merits in the outcome of such eligible proceeding. On application from us or from an indemnifiable person, a court may make any order the court considers appropriate in respect of an eligible proceeding, including the indemnification of penalties imposed or expenses incurred in any such proceedings and the enforcement of an indemnification agreement. As permitted by the BCBCA, our articles require us to indemnify our directors, former directors or alternate directors (and such individual's respective heirs and legal representatives) and permit us to indemnify any person to the extent permitted by the BCBCA.

Listing

We intend to apply to The Nasdaq Capital Market to list our common shares and our Unit A Warrants under the symbols "VS" and "VSSYW," respectively.

Transfer Agent and Registrar

The U.S. transfer agent and registrar for the common shares and the Unit A Warrants and Unit B Warrants is Computershare, located at 8742 Lucent Boulevard, Suite 300, Highlands Ranch, Colorado 80129. The telephone number of Computershare at such address is (303) 262-0705.

Ownership and Exchange Controls

There is no limitation imposed by Canadian law or by our articles on the right of a non-resident to hold or vote our common shares, other than discussed below.

Competition Act

Limitations on the ability to acquire and hold our common shares may be imposed by the *Competition Act* (Canada). This legislation permits the Commissioner of Competition, or Commissioner, to review any acquisition or establishment, directly or indirectly, including through the acquisition of shares, of control over or of a significant interest in us. This legislation grants the Commissioner jurisdiction, for up to one year after the acquisition has been substantially completed, to challenge this type of acquisition by seeking a remedial order, including an order to prohibit the acquisition or require divestitures, from the Canadian Competition Tribunal, which may be granted where the Competition Tribunal finds that the acquisition substantially prevents or lessens, or is likely to substantially prevent or lessen, competition.

This legislation also requires any person or persons who intend to acquire more than 20% of our voting shares or, if such person or persons already own more than 20% of our voting shares prior to the acquisition, more than 50% of our voting shares, to file a notification with the Canadian Competition Bureau if certain financial thresholds are exceeded. Where a notification is required, unless an exemption is available, the legislation prohibits completion of the acquisition until the expiration of the applicable statutory waiting period, unless the Commissioner either waives or terminates such waiting period or issues an advance ruling certificate. The Commissioner's review of a notifiable transaction for substantive competition law considerations may take longer than the statutory waiting period.

Investment Canada Act

The *Investment Canada Act* requires each "non Canadian" (as defined in the *Investment Canada Act*) who acquires "control" of an existing "Canadian business," to file a notification in prescribed form with the responsible federal government department or departments not later than 30 days after closing, provided the acquisition of control is not a reviewable transaction under the *Investment Canada Act.* Subject to certain exemptions, a transaction that is reviewable under the *Investment Canada Act* may not be implemented until an application for review has been filed and the responsible Minister of the federal cabinet has determined that the investment is likely to be of "net benefit to Canada" taking into account certain factors set out in the *Investment Canada Act.* Under the *Investment Canada Act*, an investment in our common shares by a non-Canadian who is a World Trade Organization member country investor that is not a state-owned enterprise, including a United States investor would be reviewable only if it were an investment to acquire control of us pursuant to the *Investment Canada Act* and our enterprise value (as determined pursuant to the *Investment Canada Act* and its regulations) was equal to or greater than $1.075 billion (as of January 1, 2020). The enterprise value threshold for "trade agreement investors" that are not state-owned enterprises is $1.613 billion (as of January 1, 2020).

The *Investment Canada Act* contains various rules to determine if there has been an acquisition of control. Generally, for purposes of determining whether an investor has acquired control of a corporation by acquiring shares, the following general rules apply, subject to certain exceptions: the acquisition of a majority of the voting interests or a majority of the undivided ownership interests in the voting shares of the corporation is deemed to be acquisition of control of that corporation; the acquisition of less than a majority, but one-third or more, of the voting shares of a corporation or of an equivalent undivided ownership interest in the voting shares of the corporation is presumed to be acquisition of control of that corporation unless it can be established that, on the acquisition, the corporation is not controlled in fact by the acquirer through the ownership of voting shares; and the acquisition of less than one third of the voting shares of a corporation or of an equivalent undivided ownership interest in the voting shares of the corporation is deemed not to be acquisition of control of that corporation.

Under the national security review regime in the *Investment Canada Act*, review on a discretionary basis may also be undertaken by the federal government with respect to a much broader range of investments by a non-Canadian to "acquire, in whole or part, or to establish an entity carrying on all or any part of its operations in Canada." No financial threshold applies to a national security review. The relevant test is whether such investment by a non-Canadian could be "injurious to national security." Review on national security grounds is at the discretion of the responsible ministers, and may occur on a pre- or post-closing basis.

Certain transactions relating to our common shares will generally be exempt from the *Investment Canada Act*, subject to the federal government's prerogative to conduct a national security review, including:

- the acquisition of our common shares by a person in the ordinary course of that person's business as a trader or dealer in securities;
- the acquisition of control of us in connection with the realization of security granted for a loan or other financial assistance and not for any purpose related to the provisions of the Investment Canada Act if the acquisition is subject to approval under Canadian legislation relating to financial institutions; and
- the acquisition of control of us by reason of an amalgamation, merger, consolidation or corporate reorganization following which the ultimate direct or indirect control in fact of us, through ownership of our common shares, remains unchanged.

Comparison of Shareholder Rights

We are a corporation governed by the BCBCA. The following discussion summarizes material differences between the rights of holders of our common shares and the rights of holders of the common share of a typical corporation incorporated under the laws of the state of Delaware, which result from differences in governing documents and the laws of British Columbia and Delaware. This summary is qualified in its entirety by reference to the DGCL, the BCBCA, and our articles.

	Delaware	British Columbia
Stockholder/ Shareholder Approval of Business Combinations; Fundamental Changes	Under the DGCL, certain fundamental changes such as amendments to the certificate of incorporation, a merger, consolidation, sale, lease, exchange or other disposition of all or substantially all of the property of a corporation not in the usual and regular course of the corporation's business, or a dissolution of the corporation, are generally required to be approved by the holders of a majority of the outstanding stock entitled to vote on the matter, unless the certificate of incorporation requires a higher percentage. However, under the DGCL, mergers in which less than 20% of a corporation's stock outstanding immediately prior to the effective date of the merger is issued generally do not require stockholder approval. In certain situations, the approval of a business combination may require approval by a certain number of the holders of a class or series of shares. In addition, Section 251(h) of the DGCL provides that stockholders of a constituent corporation need not vote to approve a merger if: (i) the merger agreement permits or requires the merger to be effected under Section 251(h) and provides that the merger shall be effected as soon as practicable following the tender offer or exchange offer, (ii) a corporation consummates a tender or exchange offer for any and all of the outstanding stock of such constituent corporation that would otherwise be entitled to vote to approve the merger, (iii) following the consummation of the offer, the stock accepted for purchase or exchanges plus the stock owned by the	Under the BCBCA and our articles, certain changes to our authorized share structure and the change of our name maybe approved by a resolution of the directors our company. Under the BCBCA and our articles, certain extraordinary company alterations, such as to continuances, into or out of province, certain amalgamations, sales, leases or other dispositions of all or substantially all of the undertaking of a company (other than in the ordinary course of business), liquidations, dissolutions, and certain arrangements are required to be approved by ordinary or special resolution as applicable. An ordinary resolution is a resolution (i) passed at a shareholders' meeting by a simple majority, or (ii) passed, after being submitted to all of the shareholders, by being consented to in writing by shareholders who, in the aggregate, hold shares carrying at least two-thirds of the votes entitled to be cast on the resolution. A special resolution is a resolution (i) passed by not less than two-thirds of the votes cast by the shareholders who voted in respect of the resolution at a meeting duly called and held for that purpose or (ii) passed by being consented to in writing by all shareholders entitled to vote on the resolution. Holders common shares vote together at all meetings of shareholders except meetings at which only holders of a particular class are entitled to vote.

Delaware	British Columbia
consummating corporation equals at least the percentage of stock that would be required to adopt the agreement of merger under the DGCL, (iv) the corporation consummating the offer merges with or into such constituent corporation and (v) each outstanding share of each class or series of stock of the constituent corporation that was the subject of and not irrevocably accepted for purchase or exchange in the offer is to be converted in the merger into, or the right to receive, the same consideration to be paid for the shares of such class or series of stock of the constituent corporation irrevocably purchased or exchanged in such offer. The DGCL does not contain a procedure comparable to a plan of arrangement under BCBCA.	Under the BCBCA, an action that prejudices or interferes with a right or special right attached to issued shares of a class or series of shares must be approved by a special separate resolution of the holders of the class or series of shares being affected. Subject to applicable securities laws, which may impose certain "Issuer bid" or tender offer requirements, under the BCBCA, arrangements with shareholders, creditors and other persons are permitted and a company may make any proposal it considers appropriate "despite any other provision" of the BCBCA. In general, a plan of arrangement is approved by a company's board of directors and then is submitted to a court for approval. It is customary for a company in such circumstances to apply to a court initially for an interim order governing various procedural matters prior to calling any security holder meeting to consider the proposed arrangement. Plans of arrangement involving shareholders must be approved by a special resolution of shareholders, including holders of shares not normally entitled to vote. The court may, in respect of an arrangement proposed with persons other than shareholders and creditors, require that those persons approve the arrangement in the manner and to the extent required by the court. The court determines, among other things, to whom notice shall be given and whether, and in what manner, approval of any person is to be obtained and also determines whether any shareholders may dissent from the proposed arrangement and receive payment of the fair value of their shares. Following compliance with the procedural steps contemplated in any such interim order (including as to obtaining security holder approval), the court would conduct a final hearing, which would, among other things, assess the fairness of the arrangement and approve or reject the proposed arrangement. The BCBCA does not contain a provision comparable to Section 251(h) of the DGCL.

	Delaware	British Columbia
Special Vote Required for Combinations with Interested Stockholders/ Shareholders	Section 203 of the DGCL provides (in general) that a corporation may not engage in a business combination with an interested stockholder for a period of three years after the time of the transaction in which the person became an interested stockholder. The prohibition on business combinations with interested stockholders does not apply in some cases, including if: (i) the board of directors of the corporation, prior to the time of the transaction in which the person became an interested stockholder, approves (a) the business combination or (b) the transaction in which the stockholder becomes an interested stockholder; (ii) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or (iii) the board of directors and the holders of at least two-thirds of the outstanding voting stock not owned by the interested stockholder approve the business combination on or after the time of the transaction in which the person became an interested stockholder. For the purpose of Section 203, the DGCL, subject to specified exceptions, generally defines an interested stockholder to include any person who, together with that person's affiliates or associates, (i) owns 15% or more of the outstanding voting stock of the corporation (including any rights to acquire stock pursuant to an option, warrant, agreement, arrangement or understanding, or upon the exercise of conversion or exchange rights, and stock with respect to which the person has voting rights only), or (ii) is an affiliate or associate of the corporation and owned 15% or more of the outstanding voting stock of the corporation at any time within the previous three years.	The BCBCA does not contain a provision comparable to Section 203 of the DGCL with respect to business combinations.

	Delaware	British Columbia
Appraisal Rights; Rights to Dissent	Under the DGCL, a stockholder of a corporation participating in some types of major corporate transactions may, under varying circumstances, be entitled to appraisal rights pursuant to which the stockholder may receive cash in the amount of the fair market value of his or her shares in lieu of the consideration he or she would otherwise receive in the transaction. For example, a stockholder is entitled to appraisal rights in the case of a merger or consolidation if the shareholder is required to accept in exchange for the shares anything other than: (i) shares of stock of the corporation surviving or resulting from the merger or consolidation, or depository receipts in respect thereof; (ii) shares of any other corporation, or depository receipts in respect thereof, that on the effective date of the merger or consolidation will be either listed on a national securities exchange or held of record by more than 2,000 shareholders; (iii) cash instead of fractional shares of the corporation or fractional depository receipts of the corporation; or (iv) any combination of the shares of stock, depository receipts and cash instead of the fractional shares or fractional depository receipts.	The BCBCA provides that shareholders of a company are entitled to exercise dissent rights in respect of certain matters and to be paid the fair value of their shares in connection therewith. The dissent right is applicable where the company resolves to (i) alter its articles to alter the restrictions on the powers of the company or on the business it is permitted to carry on; (ii) approve certain amalgamations; (iii) approve an arrangement, where the terms of the arrangement or court orders relating thereto permit dissent; (iv) sell, lease or otherwise dispose of all or substantially all of its undertaking; or (v) continue the company into another jurisdiction. Dissent may also be permitted if authorized by resolution. A court may also make an order permitting a shareholder to dissent in certain circumstances.
Compulsory Acquisition	Under the DGCL, mergers in which one corporation owns 90% or more of each class of stock of a second corporation may be completed without the vote of the second corporation's board of directors or shareholders.	The BCBCA provides that if, within 4 months after the making of an offer to acquire shares, or any class of shares, of a company, the offer is accepted by the holders of not less than 90% of the shares (other than the shares held by the offeror or an affiliate of the offeror) of any class of shares to which the offer relates, the offeror is entitled, upon giving proper notice within 5 months after the date of the offer, to acquire (on the same terms on which the offeror acquired shares from those holders of shares who accepted the offer) the shares held by those holders of shares of that class who did not accept the offer. Offerees may apply to the court, within 2 months of receiving notice, and the court may set a different price or terms of payment and may make any consequential orders or directions as it considers appropriate.

	Delaware	British Columbia
Stockholder/ Shareholder Consent to Action Without Meeting	Under the DGCL, unless otherwise provided in the certificate of incorporation, any action that can be taken at a meeting of the stockholders may be taken without a meeting if written consent to the action is signed by the holders of outstanding stock having not less than the minimum number of votes necessary to authorize or take the action at a meeting of the stockholders.	Although it is not customary for public companies to do so, under the BCBCA, shareholder action without a meeting may be taken by a consent resolution of shareholders provided that it satisfies the thresholds for approval in a company's articles, the BCBCA and the regulations thereunder. A consent resolution is as valid and effective as if it was a resolution passed at a meeting of shareholders.
Special Meetings of Stockholders/ Shareholders	Under the DGCL, a special meeting of shareholders may be called by the board of directors or by such persons authorized in the certificate of incorporation or the bylaws.	Under the BCBCA, the holders of not less than 5% of the issued shares of a company that carry the right to vote at a general meeting may requisition that the directors call a meeting of shareholders for the purpose of transacting any business that may be transacted at a general meeting. Upon receiving a requisition that complies with the technical requirements set out in the BCBCA, the directors must, subject to certain limited exceptions, call a meeting of shareholders to be held not more than 4 months after receiving the requisition. If the directors do not call such a meeting within 21 days after receiving the requisition, the requisitioning shareholders or any of them holding in aggregate not less than 2.5% of the issued shares of the company that carry the right to vote at general meetings may call the meeting.
Distributions and Dividends; Repurchases and Redemptions	Under the DGCL, subject to any restrictions contained in the certificate of incorporation, a corporation may pay dividends out of capital surplus or, if there is no surplus, out of net profits for the current and/or the preceding fiscal year in which the dividend is declared, as long as the amount of	Under the BCBCA, a company may pay a dividend in money or other property unless there are reasonable grounds for believing that the company is insolvent, or the payment of the dividend would render the company insolvent.

	Delaware	British Columbia
	capital of the corporation following the declaration and payment of the dividend is not less than the aggregate amount of the capital represented by issued and outstanding shares having a preference upon the distribution of assets. Surplus is defined in the DGCL as the excess of the net assets over capital, as such capital may be adjusted by the board. A Delaware corporation may purchase or redeem shares of any class except when its capital is impaired or would be impaired by the purchase or redemption. A corporation may, however, purchase or redeem out of capital shares that are entitled upon any distribution of its assets to a preference over another class or series of its shares if the shares are to be retired and the capital reduced.	The BCBCA provides that no special rights or restrictions attached to a series of any class of shares confer on the series a priority in respect of dividends or return of capital over any other series of shares of the same class. Under the BCBCA, the purchase or other acquisition by a company of its shares is generally subject to solvency tests similar to those applicable to the payment of dividends (as set out above). Our company is permitted, under its articles, to acquire any of its shares, subject to the special rights and restrictions attached to such class or series of shares and the approval of its board of directors. Under the BCBCA, subject to solvency tests similar to those applicable to the payment of dividends (as set out above), a company may redeem, on the terms and in the manner provided in its articles, any of its shares that has a right of redemption attached to it. Our common shares are not subject to a right of redemption.
Vacancies on Board of Director	Under the DGCL, a vacancy or a newly created directorship may be filled by a majority of the directors then in office, although less than a quorum, or by the sole remaining director, unless otherwise provided in the certificate of incorporation or bylaws. Any newly elected director usually holds office for the remainder of the full term expiring at the annual meeting of stockholders at which the term of the class of directors to which the newly elected director has been elected expires.	Under the BCBCA and our articles, a vacancy among the directors created by the removal of a director may be filled by the shareholders at the meeting at which the director is removed or, if not filled by the shareholders at such meeting, by the shareholders or by the remaining directors. In the case of a casual vacancy, the remaining directors may fill the vacancy. Under the BCBCA, directors may increase the size of the board of directors by one third of the number of current directors. Under the BCBCA and our articles, if as a result of one or more vacancies, the number of directors in office falls below the number required for a quorum, the remaining directors may appoint as directors the number of individuals that, when added to the number of remaining directors, will constitute a quorum and/or call a shareholders' meeting to fill any or all vacancies among directors and to conduct such other business that may be dealt with at that meeting, but must not take any other action until a quorum is obtained.

	Delaware	British Columbia
Constitution and Residency Of Directors	The DGCL does not have residency requirements, but a corporation may prescribe qualifications for directors under its certificate of incorporation or bylaws.	The BCBCA does not place any residency restrictions on the boards of directors.
Removal of Directors; Terms of Directors	Under the DGCL, except in the case of a corporation with a classified board or with cumulative voting, any director or the entire board may be removed, with or without cause, by the holders of a majority of the shares entitled to vote at an election of directors.	Our articles allow for the removal of a director by special resolution of the shareholders. According to our articles, all directors cease to hold office immediately before the election or appointment of directors at every annual general meeting, but are eligible for re-election or re-appointment.
Inspection of Books and Records	Under the DGCL, any holder of record of stock or a person who is the beneficial owner of shares of such stock held either in a voting trust or by a nominee on behalf of such person may inspect the corporation's books and records for a proper purpose.	Under the BCBCA, directors and shareholders may, without charge, inspect certain of the records of a company. Former shareholders, to the extent permitted under our articles, and former directors may also inspect certain of the records, free of charge, but only those records pertaining to the times that they were shareholders or directors. Public companies must allow all persons to inspect certain records of the company free of charge.
Amendment of Governing Documents	Under the DGCL, a certificate of incorporation may be amended if: (i) the board of directors adopts a resolution setting forth the proposed amendment, declares the advisability of the amendment and directs that it be submitted to a vote at a meeting of shareholders; provided that unless required by the certificate of incorporation, no meeting or vote is required to adopt an amendment for certain specified changes; and (ii) the holders of a majority of shares of stock entitled to vote on the matter approve the amendment, unless the certificate of incorporation requires the vote of a greater number of shares.	Under the BCBCA, a company may amend its articles or notice of articles by (i) the type of resolution specified in the BCBCA, (ii) if the BCBCA does not specify a type of resolution, then by the type specified in the company's articles, or (iii) if the company's articles do not specify a type of resolution, then by special resolution. The BCBCA permits many substantive changes to a company's articles (such as a change in the company's authorized share structure or a change in the special rights or restrictions that may be attached to a certain class or series of shares) to be changed by the resolution specified in that company's articles.

Delaware	British Columbia
If a class vote on the amendment is required by the DGCL, a majority of the outstanding stock of the class is required, unless a greater proportion is specified in the certificate of incorporation or by other provisions of the DGCL. Under the DGCL, the board of directors may amend a corporation's bylaws if so authorized in the certificate of incorporation. The shareholders of a Delaware corporation also have the power to amend bylaws.	Our articles provide that certain changes to our share structure and any creation or alteration of special rights and restrictions attached to a series or class of shares be done by way of a directors' resolution. However, if a right or special right attached to a class or series of shares would be prejudiced or interfered with by such an alteration, the BCBCA requires that holders of such class or series of shares must approve the alteration by a special separate resolution of those shareholders. Our articles also provide that the shareholders may from time to time, by special resolution, make any alteration to our notice of articles and articles as permitted by the BCBCA.

	Delaware	British Columbia
Indemnification of Directors and Officers	Under the DGCL, subject to specified limitations in the case of derivative suits brought by a corporation's stockholders in its name, a corporation may indemnify any person who is made a party to any action, suit or proceeding on account of being a director, officer, employee or agent of the corporation (or was serving at the request of the corporation in such capacity for another corporation, partnership, joint venture, trust or other enterprise) against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit or proceeding, provided that there is a determination that: (i) the individual acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation; and (ii) in a criminal action or proceeding, the individual had no reasonable cause to believe his or her conduct was unlawful. Without court approval, however, no indemnification may be made in respect of any derivative action in which an individual is adjudged liable to the corporation, except to the extent the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity. The DGCL requires indemnification of directors and officers for expenses (including attorneys' fees) actually and reasonably relating to a successful defense on the merits or otherwise of a derivative or third-party action. Under the DGCL, a corporation may advance expenses relating to the defense of any proceeding to directors and officers upon the receipt of an undertaking by or on behalf of the individual to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified.	Under the BCBCA, a company may indemnify: (i) a current or former director or officer of that company; or (ii) a current or former director or officer of another corporation if, at the time such individual held such office, the corporation was an affiliate of the company, or if such individual held such office at the company's request, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment actually and reasonably incurred by him or her in respect of any legal proceeding or investigative action (whether current, threatened, pending or completed) in which he or she is involved because of that person's position as an indemnifiable person, unless: (i) the individual did not act honestly and in good faith with a view to the best interests of such company or the other entity, as the case may be; or (ii) in the case of a proceeding other than a civil proceeding, the individual did not have reasonable grounds for believing that the individual's conduct was lawful. A company cannot indemnify an indemnifiable person if it is prohibited from doing so under its articles. In addition, a company must not indemnify an indemnifiable person in proceedings brought against the indemnifiable person by or on behalf of the company or an associated company. A company may pay, as they are incurred in advance of the final disposition of an eligible proceeding, the expenses actually and reasonably incurred by an indemnifiable person in respect of that proceeding only if the indemnifiable person has provided an undertaking that, if it is ultimately determined that the payment of expenses was prohibited, the indemnifiable person will repay any amounts advanced. Subject to the aforementioned prohibitions on indemnification, a company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by an indemnifiable person in respect of such eligible proceeding if such indemnifiable person has not been reimbursed for such expenses, and was wholly successful, on the merits or otherwise, in the outcome of such eligible proceeding or was substantially successful on the merits in the outcome of such eligible proceeding. On application from us or from an indemnifiable person, a court may make any order the court considers appropriate in respect of an eligible proceeding, including the indemnification of penalties imposed or expenses incurred in any such proceedings and the enforcement of an indemnification agreement.

	Delaware	British Columbia
		As permitted by the BCBCA, our articles require us to indemnify our directors, officers, former directors or officers (and such individual's respective heirs and legal representatives) and permit us to indemnify any person to the extent permitted by the BCBCA.
Limited Liability of Directors	The DGCL permits the adoption of a provision in a corporation's certificate of incorporation limiting or eliminating the monetary liability of a director to a corporation or its shareholders by reason of a director's breach of the fiduciary duty of care. The DGCL does not permit any limitation of the liability of a director for: (i) breaching the duty of loyalty to the corporation or its shareholders; (ii) acts or omissions not in good faith; (iii) engaging in intentional misconduct or a known violation of law; (iv) obtaining an improper personal benefit from the corporation; or (v) paying a dividend or approving a stock repurchase that was illegal under applicable law.	Under the BCBCA, a director or officer of a company must (i) act honestly and in good faith with a view to the best interests of the company; (ii) exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances; (iii) act in accordance with the BCBCA and the regulations thereunder; and (iv) subject to (i) to (iii), act in accordance with the articles of the company. These statutory duties are in addition to duties under common law and equity. No provision in a contract or the articles of a company may relieve a director or officer of a company from the above duties. Under the BCBCA, a director is not liable for certain acts if the director has otherwise complied with his or her duties and relied, in good faith, on (i) financial statements of the company represented to the director by an officer of the company or in a written report of the auditor of the company to fairly reflect the financial position of the company, (ii) a written report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by that person, (iii) a statement of fact represented to the director by an officer of the company to be correct, or (iv) any record, information or representation that the court considers provides reasonable grounds for the actions of the director, whether or not that record was forged, fraudulently made or inaccurate or that information or representation was fraudulently made or inaccurate. Further, a director is not liable if the director did not know and could not reasonably have known that the act done by the director or authorized by the resolution voted for or consented to by the director was contrary to the BCBCA.

	Delaware	British Columbia
Stockholder/ Shareholder Lawsuits	Under the DGCL, a stockholder may bring a derivative action on behalf of the corporation to enforce the rights of the corporation; provided, however, that under Delaware case law, the plaintiff generally must be a stockholder not only at the time of the transaction which the subject of the suit, but through the duration of the derivative suit. Delaware law also requires that the derivative plaintiff make a demand on the directors of the corporation to assert the corporate claim before the suit may be prosecuted by the derivative plaintiff, unless such demand would be futile. An individual also may commence a class action suit on behalf of himself or herself and other similarly situated stockholders where the requirements for maintaining a class action have been met.	Under the BCBCA, a shareholder (including a beneficial shareholder) or director of a company and any person who, in the discretion of the court, is an appropriate person to make an application to court to prosecute or defend an action on behalf of a company (a derivative action) may, with judicial leave: (i) bring an action in the name and on behalf of the company to enforce a right, duty or obligation owed to the company that could be enforced by the company itself or to obtain damages for any breach of such right, duty or obligation or (ii) defend, in the name and on behalf of the company, a legal proceeding brought against the company. Under the BCBCA, the court may grant leave if: (i) the complainant has made reasonable efforts to cause the directors of the company to prosecute or defend the action; (ii) notice of the application for leave has been given to the company and any other person that the court may order; (iii) the complainant is acting in good faith; and (iv) it appears to the court to be in the interests of the company for the action to be prosecuted or defended. Under the BCBCA, upon the final disposition of a derivative action, the court may make any order it determines to be appropriate. In addition, under the BCBCA, a court may order a company to pay the complainant's interim costs, including legal fees and disbursements. However, the complainant may be held accountable for the costs on final disposition of the action.

	Delaware	British Columbia
Oppression Remedy	Although the DGCL imposes upon directors and officers fiduciary duties of loyalty (i.e., a duty to act in a manner believed to be in the best interest of the corporation and its stockholders) and care, there is no remedy under the DGCL that is comparable to the BCBCA's oppression remedy.	The BCBCA's oppression remedy enables a court to make an order (interim or final) to rectify the matters complained of if the court is satisfied upon application by a shareholder (as defined below) that the affairs of the company are being conducted or that the powers of the directors are being or have been exercised in a manner that is oppressive, or that some action of the company or shareholders has been or is threatened to be taken which is unfairly prejudicial, in each case to one or more shareholders. The application must be brought in a timely manner. A "shareholder" for the purposes of the oppression remedy includes legal and beneficial owners of shares as well as any other person whom the court considers appropriate. The oppression remedy provides the court with extremely broad and flexible jurisdiction to intervene in corporate affairs to protect shareholders.
Blank Check Preferred Stock/Shares	Under the DGCL, the certificate of incorporation of a corporation may give the board the right to issue new classes of preferred shares with voting, conversion, dividend distribution, and other rights to be determined by the board at the time of issuance, which could prevent a takeover attempt and thereby preclude shareholders from realizing a potential premium over the market value of their shares. In addition, the DGCL does not prohibit a corporation from adopting a shareholder rights plan, or "poison pill," which could prevent a takeover attempt and also preclude shareholders from realizing a potential premium over the market value of their shares.	Under the BCBCA, once a class of preferred shares has been created, the board of directors may be authorized, without shareholder approval, but subject to the provisions of the articles and BCBCA, to determine the maximum number of shares of each series, create an identifying name for each series and attach such special rights or restrictions, including dividend, liquidation and voting rights, as our board of directors may determine, and such special rights or restrictions, including dividend, liquidation and voting rights, may be superior to those of the common shares. Under the BCBCA, each share of a series of shares must have the same special rights or restrictions as are attached to every other share of that series of shares. In addition, the special rights or restrictions attached to shares of a series of shares must be consistent with the special rights or restrictions attached to the class of shares of which the series of shares is part.

	Delaware	British Columbia
		The BCBCA does not prohibit a corporation from adopting a shareholder rights plan, or "poison pill," which could prevent a takeover attempt and also preclude shareholders from realizing a potential premium over the market value of their shares.
Advance Notification Requirements for Proposals of Stockholders/Shareholders	Delaware corporations typically have provisions in their bylaws that require a stockholder proposing a nominee for election to the board of directors or other proposals at an annual or special meeting of the stockholders to provide notice of any such proposals to the secretary of the corporation in advance of the meeting for any such proposal to be brought before the meeting of the stockholders. In addition, advance notice bylaws frequently require the stockholder nominating a person for election to the board of directors to provide information about the nominee, such as his or her age, address, employment and beneficial ownership of shares of the corporation's capital stock. The stockholder may also be required to disclose, among other things, his or her name, share ownership and agreement, arrangement or understanding with respect to such nomination. For other proposals, the proposing stockholder is often required by the bylaws to provide a description of the proposal and any other information relating to such stockholder or beneficial owner, if any, on whose behalf that proposal is being made, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitation of proxies for the proposal and pursuant to and in accordance with the Exchange Act and the rules and regulations promulgated thereunder.	Under the BCBCA, qualified shareholders holding at least one percent (1%) of our issued voting shares or whose shares have a fair market value in excess of CAD$2,000 in the aggregate may make proposals for matters to be considered at the annual general meeting of shareholders. Such proposals must be sent to us in advance of any proposed meeting by delivering a timely written notice in proper form to our registered office in accordance with the requirements of the BCBCA. The notice must include information on the business the shareholder intends to bring before the meeting in the prescribed form. To be a qualified shareholder, a shareholder must currently be and have been a registered or beneficial owner of at least one share of the company for at least two years before the date of signing the proposal. If the proposal and a written statement in support of the proposal (if any) are submitted at least three months before the anniversary date of the previous annual meeting and the proposal and written statement (if any) meet other specified requirements, then the company must either set out the proposal, including the names and mailing addresses of the submitting person and supporters and the written statement (if any), in the proxy circular of the company or attach the proposal and written statement thereto. In certain circumstances, the company may refuse to process a proposal. We have included Advance Notice Provisions (as defined in the "Description of Share Capital" section above) in our articles. Under the Advance Notice Provisions, a shareholder wishing to nominate a director would be required to provide us notice, in the prescribed form, within the prescribed time periods.

SHARES ELIGIBLE FOR FUTURE SALE

Future sales of substantial amounts of our common shares in the public market could adversely affect market prices prevailing from time to time. Furthermore, because only a limited number of common shares will be available for sale shortly after this offering due to existing contractual and legal restrictions on resale as described below, there may be sales of substantial amounts of our common shares in the public market after such restrictions lapse. This may adversely affect the prevailing market price of our common shares and our ability to raise equity capital in the future.

Upon completion of this offering, we will have common shares outstanding, or common shares outstanding if the underwriters exercise their option in full to purchase additional common shares. Of these, common shares, or common shares if the underwriters exercise their option in full to purchase additional common shares, sold in this offering will be freely transferable without restriction or registration under the Securities Act, except for any shares purchased by one of our existing "affiliates," as that term is defined in Rule 144 under the Securities Act. The remaining common shares are "restricted shares" as defined in Rule 144. Restricted shares may be sold in the public market only if registered or if they qualify for an exemption from registration under Rules 144 or 701 of the Securities Act. As a result of the contractual 180-day lock-up period described below and the provisions of Rules 144 and 701, these shares will be available for sale in the public market as follows:

Number of Shares	Date
	On the date of this prospectus.
	After days from the date of this prospectus (subject, in some cases, to volume limitations).
	After 180 days from the date of this prospectus (subject, in some cases, to volume limitations).

Lock-up Restrictions

We and each of our directors, executive officers, and certain of our shareholders, have agreed, without the prior written consent of the representative of the underwriters, not to directly or indirectly, offer to sell, sell, pledge or otherwise transfer or dispose of any of (or enter into any transaction or device that is designed to, or could be expected to, result in the transfer or disposition by any person at any time in the future of) our common shares, enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of our common shares, make any demand for or exercise any right or cause to be filed a registration statement, including any amendments thereto, with respect to the registration of any common shares or securities convertible into or exercisable or exchangeable for common shares or any other securities of our company or publicly disclose the intention to do any of the foregoing for a period of 90 days after the date of this prospectus. The lock-up restrictions and specified exceptions are described in more detail under "Underwriting."

Rule 144

In general, under Rule 144, any person who is not our affiliate and has held their shares for at least six months, including the holding period of any prior owner other than one of our affiliates, may sell shares without restriction, subject to the availability of current public information about us. In addition, under Rule 144, any person who is not our affiliate and has not been our affiliate at any time during the preceding three months and has held their shares for at least one year, including the holding period of any prior owner other than one of our affiliates, would be entitled to sell an unlimited number of shares without regard to whether current public information about us is available.

A person who is our affiliate or who was our affiliate at any time during the preceding three months and who has beneficially owned restricted securities for at least six months, including the holding period of any prior owner other than one of our affiliates, is entitled to sell a number of common shares within any three-month period that does not exceed the greater of: (i) 1% of the number of our shares outstanding; and (ii) the average weekly trading volume of our common shares on The Nasdaq Capital Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales under Rule 144 by our affiliates are also subject to certain manner of sale provisions, notice requirements and to the availability of current public information about us.

Rule 701

In general, under Rule 701 under the Securities Act, any of our employees, directors, officers, consultants or advisors who acquired common shares from us in connection with a written compensatory stock or option plan or other written agreement in compliance with Rule 701 prior to our IPO is entitled to sell such shares in reliance on Rule 144 but without compliance with certain of the requirements contained in Rule 144. Accordingly, subject to any applicable lock-up restrictions, under Rule 701 persons who are not our affiliates may resell those shares without complying with the minimum holding period or public information requirements of Rule 144, and persons who are our affiliates may resell those shares without compliance with Rule 144's minimum holding period requirements.

Canadian Resale Restrictions

Any sale of any of our shares which constitutes a "control distribution" under Canadian securities laws (generally a sale by a person or a group of persons holding more than 20% of our outstanding voting securities) will be subject to restrictions under Canadian securities laws in addition to those restrictions noted above, unless the sale is qualified under a prospectus filed with Canadian securities regulatory authorities, or if prior notice of the sale is filed with the Canadian securities regulatory authorities at least seven days before any sale and there has been compliance with certain other requirements and restrictions regarding the manner of sale, payment of commissions, reporting and availability of current public information about us and compliance with applicable Canadian securities laws.

Equity Incentive Plans

Following this offering, we plan to file with the SEC a registration statement on Form S-8 under the Securities Act covering the common shares that are subject to outstanding options and other awards that may be granted pursuant to our equity incentive plans. Shares covered by such registration statement will be available for sale in the open market following its effective date, subject to certain Rule 144 limitations applicable to affiliates and the terms of lock-up restrictions applicable to those shares.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS FOR U.S. HOLDERS

Subject to the limitations and qualifications stated herein, this discussion sets forth certain material U.S. federal income tax considerations relating to the acquisition, ownership and disposition by U.S. Holders (as defined below) of the units ("Units"), with each Unit consisting of one common share and two warrants, a Unit A Warrant and a Unit B Warrant, acquired pursuant to this offering, and the exercise, disposition and lapse of warrants acquired as part of the Unit. The discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect. This summary applies only to U.S. Holders and does not address tax consequences to a non-U.S. Holder (as defined below) investing in our Units.

This discussion of a U.S. Holder's tax consequences addresses only those persons that hold the Units as capital assets and does not address the tax consequences to any special class of holders, including without limitation, holders (directly, indirectly or constructively) of 10% or more of our equity (based on value or voting power), dealers in securities or currencies, banks, tax-exempt organizations, insurance companies, financial institutions, broker-dealers, regulated investment companies, real estate investment trusts, traders in securities that elect the mark-to-market method of accounting for their securities holdings, persons that hold securities that are a hedge or that are hedged against currency or interest rate risks or that are part of a straddle, conversion or "integrated" transaction, persons required to accelerate the recognition of any item of gross income with respect to the common shares as a result of such income being recognized on an applicable financial statement, U.S. expatriates or former long-term residents of the United States, partnerships or other pass-through entities for U.S. federal income tax purposes, U.S. Holders that acquire Units in connection with the exercise of employee stock options or otherwise as compensation for services and U.S. Holders whose functional currency for U.S. federal income tax purposes is not the U.S. dollar. This discussion does not address the effect of the U.S. federal alternative minimum tax, U.S. federal estate and gift tax, alternative minimum tax, the 3.8% Medicare contribution tax on net investment income or any state, local or non-U.S. tax laws on a holder of Units. This discussion does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences to such U.S. Holder, including specific tax consequences to a U.S. Holder under an applicable tax treaty. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any particular U.S. Holder. Each U.S. Holder should consult its own tax advisor regarding the U.S. federal, U.S. state and local, U.S. federal estate and gift, alternative minimum, and non-U.S. tax consequences of the acquisition, ownership and disposition of the Units.

This discussion also does not address the U.S. federal income tax considerations applicable to U.S. Holders who are: (a) persons that have been, are, or will be a resident or deemed to be a resident in Canada for purposes of the Income Tax Act (Canada); (b) persons that use or hold, will use or hold, or that are or will be deemed to use or hold Units in connection with carrying on a business in Canada; (c) persons whose Units constitute "taxable Canadian property" under the Income Tax Act (Canada); or (e) persons that have a permanent establishment in Canada for the purposes of the Canada-U.S. Tax Convention.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of Units acquired pursuant to this offering that is for U.S. federal income tax purposes: (a) an individual who is a citizen or resident of the United States; (b) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (d) a trust (i) if a court within the United States can exercise primary supervision over its administration, and one or more U.S. persons have the authority to control all of the substantial decisions of that trust, or (ii) that has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person. The term "non-U.S. Holder" means any beneficial owner of Units acquired pursuant to this offering that is not a U.S. Holder, a partnership (or an entity or arrangement that is treated as a partnership or other pass-through entity for U.S. federal income tax purposes) or a person holding Units through such an entity or arrangement.

If a partnership or an entity or arrangement that is treated as a partnership for U.S. federal income tax purposes holds Units, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. Partners in partnerships that hold Units should consult their own tax advisors.

You are urged to consult your own independent tax advisor regarding the specific U.S. federal, state, local and non-U.S. income and other tax considerations relating to the acquisition, ownership and disposition of Units.

U.S. Federal Income Tax Consequences of the Acquisition of Units

For U.S. federal income tax purposes, the acquisition by a U.S. Holder of a Unit will be treated as the acquisition of one common share, one Unit A Warrant and one Unit B Warrant. The purchase price for each Unit will be allocated between these components in proportion to each component's relative fair market value at the time the Unit is purchased by the U.S. Holder. This allocation of the purchase price for each Unit will establish a U.S. Holder's initial tax basis for U.S. federal income tax purposes in the common share, the Unit A Warrant and the Unit B Warrant that comprise each Unit.

For this purpose, the Company will allocate US$ of the purchase price for each Unit to the common share, US$ of the purchase price for each Unit to the Unit A Warrant, and US$ of the purchase price for each Unit to the Unit B Warrant. A U.S. Holder's initial tax basis for U.S. federal income tax purposes in the common share and warrants that comprise each Unit will be translated into U.S. dollars calculated by reference to the exchange rate prevailing on the date of purchase. However, the IRS will not be bound by such allocation of the purchase price for the Units, and therefore, the IRS or a U.S. court may not respect the allocation set forth above. Each U.S. Holder should consult its own tax advisor regarding the allocation of the purchase price for the Units.

U.S. Federal Income Tax Consequences of the Exercise and Disposition of Warrants

The following discussion is subject in its entirety to the rules described below under the heading "Passive Foreign Investment Company Considerations."

Exercise of Warrants

A U.S. Holder should not recognize gain or loss on the exercise of a Unit A Warrant or Unit B Warrant and related receipt of a common share (unless cash is received in lieu of the issuance of a fractional common share). A U.S. Holder's initial tax basis in the common share received on the exercise of a Unit A Warrant or Unit B Warrant, as applicable, should be equal to the sum of (a) such U.S. Holder's tax basis in such warrant plus (b) the exercise price paid by such U.S. Holder on the exercise of such warrant (translated into U.S. dollars calculated by reference to the exchange rate prevailing on the date of exercise). A U.S. Holder's holding period for the common share received on the exercise of a warrant should begin on the date that such warrant is exercised by such U.S. Holder.

Disposition of Warrants

A U.S. Holder will recognize gain or loss on the sale or other taxable disposition of a Unit A Warrant or Unit B Warrant, as applicable, in an amount equal to the difference, if any, between (a) the amount of cash plus the fair market value of any property received and (b) such U.S. Holder's tax basis in the warrant sold or otherwise disposed of. Any such gain or loss generally will be a capital gain or loss, which will be long-term capital gain or loss if the applicable warrant is held for more than one year. Deductions for capital losses are subject to complex limitations under the Code.

Expiration of Warrants Without Exercise

Upon the lapse or expiration of a Unit A Warrant or Unit B Warrant, as applicable, a U.S. Holder will recognize a loss in an amount equal to such U.S. Holder's tax basis in the applicable warrant. Any such loss generally will be a capital loss and will be long-term capital loss if the applicable warrant is held for more than one year. Deductions for capital losses are subject to complex limitations under the Code.

Certain Adjustments to the Warrants

Under Section 305 of the Code, an adjustment to the number of common shares that will be issued on the exercise of the Unit A Warrants or Unit B Warrants, as applicable, or an adjustment to the exercise price of the warrants, may be treated as a constructive distribution to a U.S. Holder of the warrants if, and to the extent that, such adjustment has the effect of increasing such U.S. Holder's proportionate interest in the "earnings and profits" or the Company's assets, depending on the circumstances of such adjustment (for example, if such adjustment is to compensate for a distribution of cash or other property to the shareholders). Adjustments to the exercise price of the Unit A Warrants or Unit B Warrants made pursuant to a bona fide reasonable adjustment formula that has the effect of preventing dilution of the interest of the holders of the warrants generally should not be considered to result in a constructive distribution. Any such constructive distribution would be taxable whether or not there is an actual distribution of cash or other property. (See more detailed discussion of the rules applicable to distributions made by the Company at "U.S. Federal Income Tax Consequences of the Acquisition, Ownership, and Disposition of Common Shares – Cash Dividends and Other Distributions" below).

U.S. Federal Income Tax Consequences of the Acquisition, Ownership, and Disposition of Common Shares

Cash Dividends and Other Distributions

As described in the section entitled "Dividend Policy" above, we currently intend to retain any future earnings to fund business development and growth, and we do not expect to pay any dividends in the foreseeable future. However, to the extent there are any distributions (including constructive distributions) made with respect to our common shares (including common shares received upon the exercise of a Unit A Warrant or Unit B Warrant), subject to the PFIC rules discussed below, a U.S. Holder generally will be required to treat distributions received with respect to its common shares (including the amount of Canadian taxes withheld, if any) as dividend income to the extent of our current or accumulated earnings and profits (computed using U.S. federal income tax principles), with the excess treated as a non-taxable return of capital to the extent of the holder's adjusted tax basis in its common shares and, thereafter, as capital gain recognized on a sale or exchange on the day actually or constructively received by you (see "Sale or Disposition of Common Shares" below). There can be no assurance that we will maintain calculations of our earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders should therefore assume that any distribution with respect to our common shares will constitute ordinary dividend income. Dividends paid on the common shares will not be eligible for the dividends received deduction allowed to U.S. corporations.

Dividends paid to a non-corporate U.S. Holder by a "qualified foreign corporation" may be subject to reduced rates of taxation if certain holding period and other requirements are met. A qualified foreign corporation generally includes a foreign corporation (other than a foreign corporation that is a PFIC in the taxable year in which the dividend is paid or the preceding taxable year) if (i) its common shares are readily tradable on an established securities market in the United States or (ii) it is eligible for benefits under a comprehensive U.S. income tax treaty that includes an exchange of information program and which the U.S. Treasury Department has determined is satisfactory for these purposes. Our common shares are readily tradable on an established securities market in the United States, the OTCQB. We may also be eligible for the benefits of the Canada-U.S. Tax Convention. Accordingly, subject to the PFIC rules discussed below, we expect that a non-corporate U.S. Holder should qualify for the reduced rate on dividends so long as the applicable holding period requirements are met. U.S. Holders should consult their own tax advisors regarding the availability of the reduced tax rate on dividends in light of their particular circumstances.

Non-corporate U.S. Holders will not be eligible for reduced rates of taxation on any dividends received from us if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

Distributions paid in a currency other than U.S. dollars will be included in a U.S. Holder's gross income in a U.S. dollar amount based on the spot exchange rate in effect on the date of actual or constructive receipt, whether or not the payment is converted into U.S. dollars at that time. The U.S. Holder will have a tax basis in such currency equal to such U.S. dollar amount, and any gain or loss recognized upon a subsequent sale or conversion of the foreign currency for a different U.S. dollar amount will be U.S. source ordinary income or loss. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend income.

A U.S. Holder who pays (whether directly or through withholding) Canadian taxes with respect to dividends paid on our common shares may be entitled to receive either a deduction or a foreign tax credit for such Canadian taxes paid. Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder's U.S. federal income tax liability that such U.S. Holder's "foreign source" taxable income bears to such U.S. Holder's worldwide taxable income. In applying this limitation, a U.S. Holder's various items of income and deduction must be classified, under complex rules, as either "foreign source" or "U.S. source." In addition, this limitation is calculated separately with respect to specific categories of income. Dividends paid by us generally will constitute "foreign source" income and generally will be categorized as "passive category income." However, if 50% or more of our equity (based on voting power or value) is treated as held by U.S. persons, we will be treated as a "United States-owned foreign corporation," in which case dividends may be treated for foreign tax credit limitation purposes as "foreign source" income to the extent attributable to our non-U.S. source earnings and profits and as "U.S. source" income to the extent attributable to our U.S. source earnings and profits. Because the foreign tax credit rules are complex, each U.S. Holder should consult its own tax advisor regarding the foreign tax credit rules.

Sale or Disposition of Common Shares

Subject to the PFIC rules discussed below, a U.S. Holder generally will recognize gain or loss on the taxable sale or exchange of its common shares in an amount equal to the difference between the U.S. dollar amount realized on such sale or exchange (determined in the case of common shares sold or exchanged for currencies other than U.S. dollars by reference to the spot exchange rate in effect on the date of the sale or exchange or, if the common shares sold or exchanged are traded on an established securities market and the U.S. Holder is a cash basis taxpayer or an electing accrual basis taxpayer, the spot exchange rate in effect on the settlement date) and the U.S. Holder's adjusted tax basis in the common shares sold or otherwise disposed of determined in U.S. dollars.

Assuming we are not a PFIC and have not been treated as a PFIC during your holding period for our common shares, such gain or loss will be capital gain or loss and will be long-term gain or loss if the common shares have been held for more than one year. Under current law, long-term capital gains of non-corporate U.S. Holders generally are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Capital gain or loss, if any, recognized by a U.S. Holder generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes. Consequently, a U.S. Holder may not be able to use the foreign tax credit arising from any Canadian tax imposed on the disposition of a common share unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources. U.S. Holders are encouraged to consult their own tax advisors regarding the availability of the U.S. foreign tax credit in their particular circumstances.

Passive Foreign Investment Company Considerations

Status as a PFIC

The rules governing PFICs can have adverse tax effects on U.S. Holders. We generally will be classified as a PFIC for U.S. federal income tax purposes if, for any taxable year, either: (1) 75% or more of our gross income consists of certain types of passive income, or (2) the average value (determined on a quarterly basis), of our assets that produce, or are held for the production of, passive income is 50% or more of the value of all of our assets.

For purposes of the PFIC provisions, "gross income" generally means sales revenues less cost of goods sold, plus income from investments and from incidental or outside operations or sources. Passive income generally includes dividends, interest, rents and royalties (other than certain rents and royalties derived in the active conduct of a trade or business), annuities and gains from assets that produce passive income. If a non-U.S. corporation owns at least 25% by value of the stock of another corporation, the non-U.S. corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation and as receiving directly its proportionate share of the other corporation's income.

Additionally, if we are classified as a PFIC in any taxable year with respect to which a U.S. Holder owns common shares, we generally will continue to be treated as a PFIC with respect to such U.S. Holder in all succeeding taxable years, regardless of whether we continue to meet the tests described above, unless the U.S. Holder makes the "deemed sale election" described below.

We do not believe that we are currently a PFIC, and we do not anticipate becoming a PFIC in the foreseeable future. Notwithstanding the foregoing, the determination of whether we are a PFIC is made annually and depends on the particular facts and circumstances (such as the valuation of our assets, including goodwill and other intangible assets) and also may be affected by the application of the PFIC rules, which are subject to differing interpretations. The fair market value of our assets is expected to depend, in part, upon (a) the market price of our common shares, which is likely to fluctuate, and (b) the composition of our income and assets, which will be affected by how, and how quickly, we spend any cash that is raised in any financing transaction, including this offering. In light of the foregoing, no assurance can be provided that we are not currently a PFIC or that we will not become a PFIC in any future taxable year. Prospective investors should consult their own tax advisors regarding our potential PFIC status.

Under proposed Treasury Regulations, if the Company is a PFIC for any taxable year during which a U.S. Holder holds Unit A Warrants or Unit B Warrants, gain recognized on the sale or other taxable disposition (other than by exercise) of the warrants by a U.S. Holder may be subject to the PFIC rules. Each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the application of the PFIC rules to the warrants and the ability to make a QEF election or mark-to-market election with respect to such warrants.

U.S. Federal Income Tax Treatment of a Shareholder of a PFIC

If we are classified as a PFIC for any taxable year during which a U.S. Holder owns common shares, the U.S. Holder, absent certain elections (including the mark-to-market and QEF elections described below), generally will be subject to adverse rules (regardless of whether we continue to be classified as a PFIC) with respect to (i) any "excess distributions" (generally, any distributions received by the U.S. Holder on its common shares in a taxable year that are greater than 125% of the average annual distributions received by the U.S. Holder in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for its common shares) and (ii) any gain realized on the sale or other disposition, including a pledge, of its common shares.

Under these adverse rules (a) the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which we are classified as a PFIC will be taxed as ordinary income, (c) the amount allocated to each other taxable year during the U.S. Holder's holding period in which we were classified as a PFIC (i) will be subject to tax at the highest rate of tax in effect for the applicable category of taxpayer for that year and (ii) will be subject to an interest charge at a statutory rate with respect to the resulting tax attributable to each such other taxable year, and (d) loss recognized on the disposition of the common shares will not be deductible.

If we are classified as a PFIC, a U.S. Holder generally will be treated as owning a proportionate amount (by value) of stock or shares owned by us in any direct or indirect subsidiaries that are also PFICs and will be subject to similar adverse rules with respect to any distributions we receive from, and dispositions we make of, the stock or shares of such subsidiaries. You are urged to consult your tax advisors about the application of the PFIC rules to any of our subsidiaries.

If we are classified as a PFIC and then cease to be so classified, a U.S. Holder may make an election (a "deemed sale election") to be treated for U.S. federal income tax purposes as having sold such U.S. Holder's common shares on the last day our taxable year during which we were a PFIC. A U.S. Holder that makes a deemed sale election would then cease to be treated as owning stock in a PFIC by reason of ownership of our common shares. However, gain recognized as a result of making the deemed sale election would be subject to the adverse rules described above and loss would not be recognized.

PFIC "Mark-to-Market" Election

In certain circumstances, a U.S. Holder can avoid certain of the adverse rules described above by making a mark-to-market election with respect to its common shares, provided that the common shares are "marketable." Common shares will be marketable if they are "regularly traded" on certain U.S. stock exchanges or on a foreign stock exchange that meets certain conditions. For these purposes, the common shares will be considered regularly traded during any calendar year during which they are traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. Any trades that have as their principal purpose meeting this requirement will be disregarded. Our common shares are listed on the CSE and the OTCQB, each of which is a qualified exchange for these purposes. Consequently, if our common shares remain listed on the CSE or the OTCQB and are regularly traded, and you are a holder of common shares, we expect the mark-to-market election would be available to you if we are a PFIC. You should consult your own tax advisor as to the whether a mark-to-market election is available or advisable with respect to the common shares.

A U.S. Holder that makes a mark-to-market election must include in gross income, as ordinary income, for each taxable year that we are a PFIC an amount equal to the excess, if any, of the fair market value of the U.S. Holder's common shares at the close of the taxable year over the U.S. Holder's adjusted tax basis in its common shares. An electing U.S. Holder may also claim an ordinary loss deduction for the excess, if any, of the U.S. Holder's adjusted tax basis in its common shares over the fair market value of its common shares at the close of the taxable year, but this deduction is allowable only to the extent of any net mark-to-market gains previously included in income. A U.S. Holder that makes a mark-to-market election generally will adjust such U.S. Holder's tax basis in its common shares to reflect the amount included in gross income or allowed as a deduction because of such mark-to-market election. Gains from an actual sale or other disposition of common shares in a year in which we are a PFIC will be treated as ordinary income, and any losses incurred on a sale or other disposition of common shares will be treated as ordinary losses to the extent of any net mark-to-market gains previously included in income.

If we are classified as a PFIC for any taxable year in which a U.S. Holder owns common shares but before a mark-to-market election is made, the adverse PFIC rules described above will apply to any mark-to-market gain recognized in the year the election is made. Otherwise, a mark-to-market election will be effective for the taxable year for which the election is made and all subsequent taxable years. The election cannot be revoked without the consent of the Internal Revenue Service, or IRS, unless the common shares cease to be marketable, in which case the election is automatically terminated.

A mark-to-market election is not permitted for the shares of any of our subsidiaries that are also classified as PFICs. Prospective investors should consult their own tax advisors regarding the availability of, and the procedure for making, a mark-to-market election.

PFIC "QEF" Election

In some cases, a shareholder of a PFIC can avoid the interest charge and the other adverse PFIC consequences described above by obtaining certain information from such PFIC and by making a QEF election to be taxed currently on its share of the PFIC's undistributed income. We do not, however, expect to provide the information regarding our income that would be necessary in order for a U.S. Holder to make a QEF election with respect to common shares if we are classified as a PFIC.

PFIC Information Reporting Requirements

If we are a PFIC in any year, a U.S. Holder of common shares in such year will be required to file an annual information return on IRS Form 8621 regarding distributions received on such common shares and any gain realized on disposition of such common shares. In addition, if we are a PFIC, a U.S. Holder generally will be required to file an annual information return with the IRS (also on IRS Form 8621, which PFIC shareholders are required to file with their U.S. federal income tax or information return) relating to their ownership of common shares. This new filing requirement is in addition to the pre-existing reporting requirements described above that apply to a U.S. Holder's interest in a PFIC (which this requirement does not affect).

NO ASSURANCE CAN BE GIVEN THAT WE ARE NOT CURRENTLY A PFIC OR THAT WE WILL NOT BECOME A PFIC IN THE FUTURE. U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE OPERATION OF THE PFIC RULES AND RELATED REPORTING REQUIREMENTS IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, INCLUDING THE ADVISABILITY OF MAKING ANY ELECTION THAT MAY BE AVAILABLE.

Reporting Requirements and Backup Withholding

Under U.S. federal income tax law and applicable Treasury Regulations, certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, a non-U.S. corporation. For example, U.S. return disclosure obligations (and related penalties) are imposed on U.S. Holders that hold certain specified foreign financial assets in excess of certain threshold amounts. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person, and any interest in a non-U.S. entity. U.S. Holders may be subject to these reporting requirements unless such U.S. Holder's common shares are held in an account at certain financial institutions. Penalties for failure to file certain of these information returns are substantial.

Payments made within the United States or by a U.S. payor or U.S. middleman of (a) distributions on the common shares, and (b) proceeds arising from the sale or other taxable disposition of common shares generally may be subject to information reporting and backup withholding, currently at the rate of 24%, if a U.S. Holder (a) fails to furnish such U.S. Holder's correct U.S. taxpayer identification number (generally on IRS Form W-9), (b) furnishes an incorrect U.S. taxpayer identification number, (c) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding, or (d) fails to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding. However, certain exempt persons generally are excluded from these information reporting and backup withholding rules. Any amounts withheld under the U.S. backup withholding rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the IRS in a timely manner. The information reporting and backup withholding rules may apply even if, under the Canada-U.S. Tax Convention, payments may be exempt from the dividend withholding tax rules or otherwise eligible for a reduced withholding rate. Each U.S. Holder should consult its own tax advisor regarding the information reporting and backup withholding rules.

THE ABOVE DISCUSSION DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. YOU ARE STRONGLY URGED TO CONSULT YOUR OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO YOU OF AN INVESTMENT IN THE UNITS.

CANADIAN TAX IMPLICATIONS FOR NON-CANADIAN HOLDERS

The following summary describes, as of the date hereof, the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires, as a beneficial owner, common shares pursuant to this offering and who, at all relevant times, for the purposes of the application of the *Income Tax Act* (Canada) and the Income Tax Regulations (collectively, the "Canadian Tax Act"), (1) is not, and is not deemed to be, resident in Canada for purposes of the Canadian Tax Act and any applicable income tax treaty or convention; (2) deals at arm's length with us; (3) is not affiliated with us; (4) does not use or hold, and is not deemed to use or hold, common shares in a business carried on in Canada; (5) has not entered into, with respect to the common shares, a "derivative forward agreement" as that term is defined in the Canadian Tax Act and (6) holds the common shares as capital property (a "Non-Canadian Holder"). Special rules, which are not discussed in this summary, may apply to a Non-Canadian Holder that is an insurer carrying on an insurance business in Canada and elsewhere.

This summary is based on the current provisions of the Canadian Tax Act, and an understanding of the current administrative policies of the CRA published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Canadian Tax Act and the Canada-United States Tax Convention (1980), as amended (the "Canada-U.S. Tax Treaty") publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Proposed Amendments") and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice whether by legislative, regulatory, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular shareholder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, you should consult your own tax advisor with respect to your particular circumstances.

Generally, for purposes of the Canadian Tax Act, all amounts relating to the acquisition, holding or disposition of the common shares must be converted into Canadian dollars based on the exchange rates as determined in accordance with the Canadian Tax Act. The amount of any dividends required to be included in the income of, and capital gains or capital losses realized by, a Non-Canadian Holder may be affected by fluctuations in the Canadian exchange rate.

Dividends

Dividends paid or credited on the common shares or deemed to be paid or credited on the common shares to a Non-Canadian Holder will be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of withholding to which the Non-Canadian Holder is entitled under any applicable income tax convention between Canada and the country in which the Non-Canadian Holder is resident. For example, under the Canada-U.S. Tax Treaty, where dividends on the common shares are considered to be paid to or derived by a Non-Canadian Holder that is a beneficial owner of the dividends and is a U.S. resident for the purposes of, and is entitled to benefits of, the Canada-U.S. Tax Treaty, the applicable rate of Canadian withholding tax is generally reduced to 15%.

Dispositions

A Non-Canadian Holder will not be subject to tax under the Canadian Tax Act on any capital gain realized on a disposition or deemed disposition of a subordinate voting share, unless the common shares are "taxable Canadian property" to the Non-Canadian Holder for purposes of the Canadian Tax Act and the Non-Canadian Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Canadian Holder is resident.

Generally, the common shares will not constitute "taxable Canadian property" to a Non-Canadian Holder at a particular time provided that the common shares are listed at that time on a "designated stock exchange" (as defined in the Canadian Tax Act), which includes the NYSE and the TSX, unless at any particular time during the 60-month period that ends at that time (i) one or any combination of (a) the Non-Canadian Holder, (b) persons with whom the Non-Canadian Holder does not deal at arm's length, and (c) partnerships in which the Non-Canadian Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships, has owned 25% or more of the issued shares of any class or series of our capital stock, and (ii) more than 50% of the fair market value of the common shares was derived, directly or indirectly, from one or any combination of : (i) real or immoveable property situated in Canada, (ii) "Canadian resource properties" (as defined in the Canadian Tax Act), (iii) "timber resource properties" (as defined in the Canadian Tax Act) and (iv) options in respect of, or interests in, or for civil law rights in, property in any of the foregoing whether or not the property exists. Notwithstanding the foregoing, in certain circumstances set out in the Canadian Tax Act, common shares could be deemed to be "taxable Canadian property." **Non-Canadian Holders whose common shares may constitute "taxable Canadian property" should consult their own tax advisors**

UNDERWRITING

Lake Street Capital Markets, LLC is acting as representative of the underwriters in this offering. Subject to the terms and conditions of the underwriting agreement with the representative, we have agreed to sell to each underwriter named below, and each underwriter named below has severally agreed to purchase, at the public offering price less the underwriting discounts set forth on the cover page of this prospectus, the number of units listed next to its name in the following table:

Underwriter	Number of Units
Lake Street Capital Markets	
Total	

The underwriters are committed to purchase all the units offered by us other than those covered by the over-allotment option described below, if any, are purchased. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated. The underwriters are not obligated to purchase the units covered by the underwriters' over-allotment option described below. The underwriters are offering the units, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Discounts and Commissions

The underwriters propose initially to offer the units to the public at the public offering price set forth on the cover page of this prospectus and to dealers at those prices less a concession not in excess of US$ per unit. If all of the units offered by us are not sold at the public offering price, the underwriters may change the offering price and other selling terms by means of a supplement to this prospectus by filing of a post-effective amendment to the registration statement of which this prospectus forms a part.

The following table shows the public offering price, underwriting discounts and commissions and proceeds before expenses to us. The information assumes either no exercise or full exercise of the over-allotment option we granted to the representatives of the underwriters.

	Per Unit	Total with no Over-Allotment	Total with Full Over-Allotment
Public offering price	US$	US$	US$
Underwriting discount (8%)	US$	US$	US$
Proceeds, before expenses, to us	US$	US$	US$

We estimate that the total expenses of the offering payable by us, excluding the total underwriting discount, will be approximately US$. We have also agreed to pay the representative's expenses relating to this offering, including the representative's reasonable out-of-pocket costs and expenses incident to the performance of its obligations under the underwriting agreement (including, without limitation, the reasonable fees and expenses of the representative's outside legal counsel up to US$145,000 in the aggregate, unless we have agreed in advance to reimburse such costs and expenses in excess of US$145,000).

Over-Allotment Option

We have granted the underwriters an over-allotment option. This option, which is exercisable for up to 30 days after the date of this prospectus, permits the underwriters to purchase up to additional common shares and/or warrants to purchase up to common shares from us, to cover over-allotments. If the underwriters exercise all or part of this option, they will purchase common shares and/or warrants included in the units covered by the option at the public offering price per common share or warrant that appears on the cover page of this prospectus, less the underwriting discount. If this option is exercised in full, the total price to the public will be US$ and the total net proceeds, before expenses, to us will be US$.

Representative's Warrants

We have agreed to issue to the representative the representative's warrants to purchase up to common shares. We are registering hereby the issuance of the representative's warrants and the common shares issuable upon exercise of the representative's warrants. The representative's warrants are exercisable for cash or on a cashless basis at a per common share exercise price equal to 100% of the public offering price per unit in the offering and expiring on a date which is no more than five years from the effectiveness of the offering. Except as described above or as summarized below, the representative's warrants will be in substantially the same form as the warrants included in this offering except that the representative's warrants will expire on the fifth anniversary of the date of effectiveness of the registration statement of which this prospectus forms a part. The representative's warrants and the common shares underlying the representative's warrants have been deemed compensation by FINRA and are, therefore, subject to a 360-day lock-up pursuant to Rule 5110(e)(1) of FINRA. The representative (or permitted assignees under the Rule) will not sell, transfer, assign, pledge or hypothecate the representative's warrants or the securities underlying these warrants, nor will it engage in any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of the representative's warrants or the underlying securities for a period of 360 days after the effective date. The exercise price and number of common shares issuable upon exercise of the representative's warrants may be adjusted in certain circumstances including in the event of a stock dividend, extraordinary cash dividend or our recapitalization, reorganization, merger or consolidation. However, the warrant exercise price or underlying common shares will not be adjusted for issuances of common shares at a price below the warrant exercise price.

Discretionary Accounts

The underwriters do not intend to confirm sales of the securities offered hereby to any accounts over which they have discretionary authority.

Lock-Up Agreements

Pursuant to "lock-up" agreements, we, our executive officers and directors, and holders of more than 10% of our voting securities, have agreed, without the prior written consent of the representative not to directly or indirectly, offer to sell, sell, pledge or otherwise transfer or dispose of any of (or enter into any transaction or device that is designed to, or could be expected to, result in the transfer or disposition by any person at any time in the future of) our common shares, enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of our common shares, make any demand for or exercise any right or cause to be filed a registration statement, including any amendments thereto, with respect to the registration of any common shares or securities convertible into or exercisable or exchangeable for common shares or any other securities of our company or publicly disclose the intention to do any of the foregoing, subject to customary exceptions, for a period of 90 days from the date of this prospectus.

Right of First Refusal

In the event we determine to undertake any public or private offering of securities, whether on own behalf or on behalf of our shareholders at any time through December 1, 2020 or within one year thereafter, we have agreed to provide the representative with the right to serve as exclusive placement agent (in the case of a private offering) or lead bookrunner with at least 75 % economics (in the case of a public offering); provided that the right of first refusal shall not include securities issued pursuant to (A) the acquisition of another entity by us by merger, purchase of substantially all of the assets or other reorganization or (B) a sale, license, encumbrance, lease, transfer or other disposition of all or substantially all of our assets (including intellectual property) and our subsidiaries taken as a whole, (C) a merger, consolidation, recapitalization, membership interest exchange or other reorganization of our company with or into an unaffiliated entity or person where immediately after such transaction our shareholders hold less than 50% of the voting power in the successor entity, on terms and conditions customary to the representative for such subject transactions, or (D) any bridge financing prior to this offering.

Indemnification

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make for these liabilities.

CSE, OTCQB and The Nasdaq Capital Market

Our common shares are presently quoted on the CSE under the symbol “VS” and on the OTCQB under the symbol “VRSSF.” We intend to apply to have our common shares and Unit A Warrants listed on The Nasdaq Capital Market under the symbols “VS” and “VSSYW,” respectively. No assurance can be given that such listings will be approved; however, it is a condition of the underwriters’ obligation that our common shares and Unit A Warrants have been approved for listing on The Nasdaq Capital Market.

Stabilization

In connection with this offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate-covering transactions, penalty bids and purchases to cover positions created by short sales.

- Stabilizing transactions permit bids to purchase securities so long as the stabilizing bids do not exceed a specified maximum, and are engaged in for the purpose of preventing or retarding a decline in the market price of the securities while the offering is in progress.

- Over-allotment transactions involve sales by the underwriters of securities in excess of the number of securities that underwriters are obligated to purchase. This creates a syndicate short position which may be either a covered short position or a naked short position. In a covered short position, the number of securities over-allotted by the underwriters is not greater than the number of securities that they may purchase in the over-allotment option. In a naked short position, the number of securities involved is greater than the number of securities in the over-allotment option. The underwriters may close out any short position by exercising their over-allotment option and/or purchasing securities in the open market.

- Syndicate covering transactions involve purchases of securities in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of securities to close out the short position, the underwriters will consider, among other things, the price of securities available for purchase in the open market as compared with the price at which they may purchase securities through exercise of the over-allotment option. If the underwriters sell more securities than could be covered by exercise of the over-allotment option and, therefore, have a naked short position, the position can be closed out only by buying securities in the open market. A naked short position is more likely to be created if the underwriters are concerned that after pricing there could be downward pressure on the price of the securities in the open market that could adversely affect investors who purchase in the offering.

- Penalty bids permit the representative to reclaim a selling concession from a syndicate member when the securities originally sold by that syndicate member are purchased in stabilizing or syndicate covering transactions to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our securities or preventing or retarding a decline in the market price of our securities. As a result, the price of our securities in the open market may be higher than it would otherwise be in the absence of these transactions. Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the price of our securities. These transactions may be effected on The Nasdaq Capital Market, in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time.

Passive Market Making

In connection with this offering, the underwriters and selling group members may also engage in passive market making transactions in our common shares. Passive market making consists of displaying bids limited by the prices of independent market makers and effecting purchases limited by those prices in response to order flow. Rule 103 of Regulation M promulgated by the SEC limits the amount of net purchases that each passive market maker may make and the displayed size of each bid. Passive market making may stabilize the market price of the common shares at a level above that which might otherwise prevail in the open market and, if commenced, may be discontinued at any time.

Electronic Offer, Sale and Distribution of Securities

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters or selling group members. The representative may agree to allocate a number of securities to underwriters and selling group members for sale to its online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations. Other than the prospectus in electronic format, the information on these websites is not part of, nor incorporated by reference into, this prospectus or the registration statement of which this prospectus forms a part, has not been approved or endorsed by us, and should not be relied upon by investors.

Other Relationships

The representative and its affiliates may in the future provide various investment banking, commercial banking and other financial services for us and our affiliates for which they may in the future receive customary fees.

Offer restrictions outside the United States

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

LEGAL MATTERS

The validity of our common shares and certain other matters of Canadian law will be passed upon for us by Fasken Martineau DuMoulin, LLP, Vancouver, British Columbia. Certain matters of U.S. federal law will be passed upon for us by Pryor Cashman LLP, New York, New York. Certain legal matters in connection with this offering will be passed upon for the underwriters by Troutman Pepper Hamilton Sanders LLP, Irvine, California with respect to U.S. law.

EXPERTS

The audited consolidated financial statements of Versus Systems Inc. as of and for the year ended December 31, 2019 and 2018 included in this prospectus and elsewhere in the registration statement have been so included in reliance upon the report of Davidson & Company LLP, independent registered public accountants, upon the authority of the said firm as experts in accounting and auditing.

ENFORCEMENT OF CIVIL LIABILITIES

We are incorporated under the federal laws of Canada. Some of our directors and officers, and some of the experts named in this prospectus, are residents of Canada or otherwise reside outside of the United States, and all or a substantial portion of their assets, and all or a substantial portion of our assets, are located outside of the United States. We have appointed an agent for service of process in the United States, but it may be difficult for shareholders who reside in the United States to effect service within the United States upon those directors, officers and experts who are not residents of the United States. It may also be difficult for shareholders who reside in the United States to realize in the United States upon judgments of courts of the United States predicated upon our civil liability and the civil liability of our directors, officers and experts under the United States federal securities laws. There can be no assurance that U.S. investors will be able to enforce against us, members of our board of directors, officers or certain experts named herein who are residents of Canada or other countries outside the United States, any judgments in civil and commercial matters, including judgments under the federal securities laws.

EXPENSES OF THE OFFERING

The following table sets forth the costs and expenses, other than the underwriting discounts and commissions, payable by the registrant in connection with the sale of the common shares being registered. All amounts listed below are estimates except the SEC registration fee, FINRA filing fee and The Nasdaq Capital Market listing fee. We will pay all of the expenses of this offering.

Item	Amount
SEC registration fee	$
FINRA filing fee	
The Nasdaq Capital Market listing fee	*
Printing expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer Agent fees and expenses	*
Miscellaneous fees	*
Total	$

* To be completed by amendment.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form F-1 under the Securities Act with respect to the common shares offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. For further information with respect to us and the common shares offered hereby, please refer to the registration statement and the exhibits and schedules filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. The SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding registrants, including Versus Systems Inc., that file electronically with the SEC. The SEC's Internet website address is www.sec.gov.

Upon completion of this offering, we will be subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we are required to file reports, including annual reports on Form 20-F, and other information with the SEC. Although we are not required to prepare and issue quarterly reports as a foreign private issuer, we currently intend to file quarterly reports on Form 6-K with the SEC. As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of proxy statements to shareholders and Section 16 short-swing profit reporting for our directors, officers and holders of more than 10% of our voting securities.

INDEX TO FINANCIAL STATEMENTS

Audited Financial Statements for the Years Ended December 31, 2019 and 2020

Unaudited Financial Statements for the Six-Month Periods Ended June 30, 2019 and 2020

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

YEARS ENDED

DECEMBER 31, 2019 AND 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of
Versus Systems Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Versus Systems Inc. (the "Company"), as of December 31, 2019 and December 31, 2018, and the related consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years ended December 31, 2019 and 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and December 31, 2018, and the results of its operations and its cash flows for the years ended December 31, 2019 and 2018, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has not achieved positive cash flow from operations and is not able to finance day to day activities through operations. These material uncertainties raise substantial doubt as to the ability of the Company to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatements of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2004.

/s/ DAVIDSON & COMPANY LLP
Chartered Professional Accountants

Vancouver, Canada

November 20, 2020

A member of Nexia International

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Davidson-co.com

Versus Systems Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2019 ($)	December 31, 2018 ($)
ASSETS		
Current assets		
Cash	99,209	34,000
Receivables	44,400	4,778
Prepaids	28,003	62,372
	171,612	101,150
Restricted deposit (Note 4)	11,500	11,500
Deposits	129,897	136,301
Property and equipment (Note 5)	948,998	59,110
Intangible assets (Note 7)	2,780,347	3,371,079
Total Assets	4,042,354	3,679,140
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	975,405	1,035,744
Lease liability (Note 16)	328,373	-
Current liabilities	1,303,778	1,035,744
Non-current liabilities		
Lease liability (Note 16)	794,027	-
Notes payable (Note 9)	4,814,767	3,478,956
Total liabilities	6,912,572	4,514,700
Equity		
Share capital (Note 10)		
Common shares	99,505,558	91,723,017
Class A shares	37,927	37,927
Share subscriptions received in advance (Note 18)	300,000	-
Reserves (Note 10)	9,832,386	8,270,190
Deficit	(106,521,639)	(94,973,085)
	3,154,232	5,058,049
Non-controlling interest (Note 6)	(6,024,450)	(5,893,609)
	(2,870,218)	(835,560)
Total Liabilities and Equity	4,042,354	3,679,140

Nature of operations and going concern (Note 1)

Commitments (Note 16)

Subsequent events (Note 18)

These consolidated financial statements were authorized for issue by the Board of Directors on November 20, 2020. They are signed on behalf of the Board of Directors by:

/s/ Matthew Pierce
Director

/s/ Brian Tingle
Director

The accompanying notes are an integral part of these consolidated financial statements.

Versus Systems Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended December 31, 2019	Year Ended December 31, 2018
	($)	($)
REVENUES	664,922	1,620
EXPENSES		
Cost of Sales	-	170
Amortization (Note 5)	327,221	29,642
Amortization of intangible assets (Note 7)	2,530,590	2,965,035
Consulting fees (Note 11)	814,128	1,177,405
Foreign exchange loss	38,797	147,273
General and administrative	669,586	1,305,652
Interest expense	225,334	77,669
Interest expense on lease obligations (Note 16)	104,384	-
Professional fees	445,603	621,979
Salaries and wages (Note 11)	3,252,789	2,074,554
Sales and marketing	787,398	199,412
Share-based compensation (Note 10)	839,249	651,316
	(9,370,157)	(9,248,487)
Other income	-	1,219
Finance expense (Note 9)	(257,448)	(125,903)
Loss and comprehensive loss	(9,627,605)	(9,373,171)
Loss and comprehensive loss attributable to:		
Shareholders	(6,869,121)	(4,631,477)
Non-controlling interest	(2,758,484)	(4,741,694)
	(9,627,605)	(9,373,171)
Basic and diluted loss per common share attributable to Versus Systems Inc.	(0.06)	(0.05)
Weighted average common shares outstanding	112,514,398	86,373,193

The accompanying notes are an integral part of these consolidated financial statements.

Versus Systems Inc.
Consolidated Statements of Changes in Equity (Deficit)
(Expressed in Canadian Dollars)

	Number of Common Shares	Number of Class A Shares	Share Capital		Reserves	Deficit	Share subscriptions received	Equity	Non-controlling Interest	Total Shareholders' Equity
			Common Shares	Class A Shares						
			($)	($)	($)	($)	($)	($)	($)	($)
Balance at December 31, 2017	76,758,895	33,713	88,302,958	37,927	6,922,770	(90,341,608)	-	4,922,047	(1,151,915)	3,770,132
Shares issued for warrant exercise	2,460,000	-	384,000	-	-	-	-	384,000	-	384,000
Shares issued in private placement	12,259,667	-	3,598,943	-	78,957	-	-	3,677,900	-	3,677,900
Share issuance costs	-	-	(562,884)	-	116,226	-	-	(446,658)	-	(446,658)
Contribution benefit	-	-	-	-	500,921	-	-	500,921	-	500,921
Performance warrants issued	-	-	-	-	140,531	-	-	140,531	-	140,531
Stock options granted	-	-	-	-	510,785	-	-	510,785	-	510,785
Loss and comprehensive loss	-	-	-	-	-	(4,631,477)	-	(4,631,477)	(4,741,694)	(9,373,171)
Balance at December 31, 2018	91,478,562	33,713	91,723,017	37,927	8,270,190	(94,973,085)	-	5,058,049	(5,893,609)	(835,560)
Shares issued in private placement	32,050,609	-	6,101,525	-	199,753	-	-	6,301,278	-	6,301,278.00
Share subscriptions received	-	-	-	-	-	-	300,000	300,000	-	300,000
Acquisition of Versus LLC	9,229,326	-	1,892,012	-	159,778	(4,679,433)	-	(2,627,643)	2,627,643	-
Share issuance costs	-	-	(653,035)	-	82,928	-	-	(570,107)	-	(570,107)
Contribution benefit	-	-	-	-	297,110	-	-	297,110	-	297,110
Exercise of warrants	2,479,805	-	422,670	-	(8,253)	-	-	414,417	-	414,417
Performance warrants issued	-	-	-	-	12,889	-	-	12,889	-	12,889
Exercise of options	50,000	-	19,369	-	(8,369)	-	-	11,000	-	11,000
Stock-based compensation	-	-	-	-	826,360	-	-	826,360	-	826,360
Loss and comprehensive loss	-	-	-	-	-	(6,869,121)	-	(6,869,121)	(2,758,484)	(9,627,605)
Balance at December 31, 2019	135,288,302	33,713	99,505,558	37,927	9,832,386	(106,521,639)	300,000	3,154,232	(6,024,450)	(2,870,218)

The accompanying notes are an integral part of these consolidated financial statements.

Versus Systems Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2019 ($)	Year Ended December 31, 2018 ($)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Loss for the year	(9,627,605)	(9,373,171)
Items not affecting cash:		
Amortization (Note 5)	30,695	29,642
Amortization of intangible assets (Note 7)	2,530,590	2,965,035
Amortization of right-of-use assets (Note 5)	296,526	-
Finance expense	257,448	125,903
Accrued interest expense	273,574	77,669
Effect of foreign exchange	(86,125)	-
Share-based compensation	839,249	651,316
Changes in non-cash working capital items:		
Receivables	(39,622)	5,454
Prepaids and deposits	34,369	(36,000)
Accounts payable and accrued liabilities	23,026	478,207
Cash used in operating activities	(5,467,875)	(5,075,945)
FINANCING ACTIVITIES		
Proceeds from notes payable	2,633,667	3,106,652
Repayment of notes payable	(1,258,194)	-
Proceeds from warrant exercises	414,417	-
Proceeds from option exercises	11,000	-
Payments for lease liabilities	(359,119)	-
Proceeds from issuance of common shares	6,301,278	4,061,900
Proceeds from subscriptions received in advance	300,000	-
Share issuance costs	(570,107)	(446,659)
Cash provided by financing activities	7,472,942	6,721,893
INVESTING ACTIVITIES		
Development of intangible assets	(1,939,858)	(1,804,207)
Purchase of equipment	-	(38,483)
Cash used in investing activities	(1,939,858)	(1,842,690)
Change in cash during the year	65,209	(196,742)
Cash - Beginning of year	34,000	230,742
Cash - End of year	99,209	34,000
Supplemental Cash Flow Information (Note 15)		

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Versus Systems Inc. (the "Company") was continued under the Business Corporations Act (British Columbia) effective January 7, 2007. The Company's head office and registered and records office is Suite 302 – 1620 West 8th Ave, Vancouver, BC, V6J 1V4, Canada. The Company is traded on the Canadian Securities Exchange ("CSE") under the symbol "VS" and on the OTCQB market under the trading symbol "VRSSF".

The Company is engaged in the technology sector and is developing a business-to-business software platform that allows video game publishers and developers to offer prize-based matches of their games to their players. At the date of the consolidated financial statements, the Company has earned minimal revenues from operations and is considered to be in the development stage.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 30, 2019, the Company has not achieved positive cash flow from operations and is not able to finance day to day activities through operations. The Company expects to incur further losses in the development of its business. These material uncertainties raise substantial doubt as to the ability of the Company to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to ultimately attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

2. BASIS OF PRESENTATION

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (collectively, "IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were authorized for issue by the Board of Directors on November 20, 2020.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company and its subsidiaries.

2. BASIS OF PRESENTATION (continued)

Basis of consolidation

These consolidated financial statements include the accounts of Versus Systems Inc. and its subsidiaries, from the date control was acquired. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. All inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation. For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest. Adjustments to non-controlling interest are accounted for as transactions with owners and adjustments that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Versus Systems (Holdco) Inc.	United States of America	66.8%	Holding Company
Versus Systems UK, Ltd	United Kingdom	66.8%	Sales Company
Versus LLC	United States of America	66.8%	Technology Company

Significant Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on historical experience and management's assessment of current events and other facts and circumstances that are considered to be relevant. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Deferred income taxes

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

2. BASIS OF PRESENTATION (continued)

ii) Economic recoverability and probability of future economic benefits of intangible assets

Management has determined that intangible asset costs which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including anticipated cash flows and estimated economic life.

iii) Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

iv) Depreciation and Amortization

The Company's intangible assets and equipment are depreciated and amortized on a straight-line basis, taking into account the estimated useful lives of the assets and residual values. Changes to these estimates may affect the carrying value of these assets, net loss, and comprehensive income (loss) in future periods.

v) Valuation of right-of-use asset and lease liabilities

The application of IFRS 16 requires the Company to make judgments that affect the valuation of the right-of-use assets and the valuation of lease liabilities. These include: determining agreements in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows.

The lease term determined by the Company is comprised of the non-cancellable period of lease agreements, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

The present value of the lease payment is determined using a discount rate representing the Company's incremental borrowing rate.

Significant judgements that have the most significant effect on the amounts recognized in these financial statements include:

i) Determination of functional currency

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

3. SIGNIFICANT ACCOUNTING POLICIES

Basic and diluted loss per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting periods. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Potentially dilutive options and warrants excluded from diluted loss per share totaled 58,501,094 (2018 – 42,292,326) as they were anti-dilutive.

Equipment

Equipment is recorded at cost less accumulated amortization and any impairments. Amortization is calculated based on the estimated residual value and estimated economic life of the specific assets using the straight-line method over the period indicated below:

Asset	**Rate**
Computers	Straight line, 3 years
Right of use assets	Shorter of useful life or lease term

Financial instruments

The following is the Company's policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification
Cash	FVTPL
Receivables	Amortized cost
Restricted deposit	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Notes payable	Amortized cost

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Impairment of financial assets at amortized cost

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

As of December 31, 2019, the Company does not have any derivative financial assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets excluding goodwill

Intangible assets acquired separately are carried at cost at the time of initial recognition. Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date.

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) the intention to complete the intangible asset and use or sell it;
(c) the ability to use or sell the intangible asset;
(d) how the intangible asset will generate probable future economic benefits;
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
(f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the costs incurred from the date when the intangible assets first meet the recognition criteria listed above. If no future economic benefit is expected before the end of the life of assets, the residual book value is expensed. Subsequent to initial recognition, internally-generated intangible assets are reported at cost. Where no internally-generated intangible asset can be recognized, development costs are recognized as an expense in the period in which it is incurred.

Amortization of software is recognized on a straight-line basis over a period of 3 years. In the year development costs are added, amortization is based on a half year.

At the end of each reporting period, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered impairment losses. If any such indication exists, the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs is estimated in order to determine the extent of the impairment losses (if any).

Where a reasonable and consistent basis of allocation can be identified, corporate assets (assets other than goodwill that contribute to the future cash flows of both the CGU under review and other CGUs) are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of intangible assets excluding goodwill (continued)

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

Where impairment losses subsequently reverse, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment losses been recognized for the asset (or CGU) in prior years. A reversal of impairment losses is recognized immediately in profit or loss.

Income taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity.

Current Income Tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax

Deferred income taxes are calculated based on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Lessee accounting (since January 1, 2019)

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing its carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the underlying asset. The Company applies IAS 36, Impairment of Assets, to determine whether the asset is impaired and account for any identified impairment loss.

As a practical expedient, IFRS 16 permits a lease not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient, and accordingly allocates the consideration in the contract to lease and non-lease components based on the stand-alone price of the lease component and aggregate stand-alone price of the non-lease components.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are presented as such in the statements of income and comprehensive income.

Provisions

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-controlling interest

Non-controlling interest in the Company's less than wholly owned subsidiary is classified as a separate component of equity. On initial recognition, non-controlling interest is measured at the fair value of the non-controlling entity's contribution into the related subsidiary. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to the subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to owners of the Company.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrant reserve. If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in the warrant reserve.

Share-based Compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Otherwise, share-based payments are measured at the fair value of goods or services received.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

Revenue from the Company's sales is recognized upon delivery where there is evidence of an arrangement, the selling price is fixed or determinable and there are no significant remaining performance obligations. Foreseeable losses, if any, are recognized in the year or period in which the loss is determined.

The Company recognize revenues received from goods and services provided upon the satisfaction of its performance obligation in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. For each performance obligation satisfied over time, the Company recognizes revenue over time by measuring the progress toward complete satisfaction of that performance obligation. If the Company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

The Company's contracts with customers may include promises to transfer multiple products and services. For these contracts, the Company accounts for individual performance obligations separately if they are capable of being distinct and distinct within the context of the contract. Determining whether products and services are considered distinct performance obligations may require significant judgment. Judgment is also required to determine the stand-alone selling price for each distinct performance obligation.

The Company does not obtain control of the goods and the right to services in advance of transferring those goods or services to the Company's customers. As a result, the Company is deemed the agent in its revenue arrangement. As the Company is acting as an agent in the transaction, the Company recognizes revenue from sales of advertising services on a net basis. As the Company's performance obligations are satisfied within 12 months, the Company has elected the practical expedients under IFRS 15, which allows the Company not to record any significant financing component as a result of financing any of its arrangements and not to capitalize cost incurred to obtain a contract.

Foreign Exchange

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company and its subsidiaries that are denominated in foreign currencies are translated at the rate of exchange at the date of the statement of financial position while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in equity (deficiency) which results from transactions and events from sources other than the Company's shareholders. Net loss is the same as comprehensive loss for the years presented.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements

The following standards, amendments to standards and interpretations have been issued for annual periods beginning on or after January 1, 2019 and are effective:

IFRS 16, Leases

IFRS 16 Leases ("IFRS 16"): This standard replaces IAS 17 Leases ("IAS 17") and IFRIC 4 Determining whether an arrangement contains a lease. IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. Applying IFRS 16, for all leases (except as noted below),

a) Recognizes right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;

b) Recognizes depreciation of right-of-use assets and interest expense on lease liabilities in the consolidated statements of income and comprehensive income;

c) Separates the total amount of cash pain into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Company has elected to recognize a lease expense on a straight-line basis as permitted by IFRS 16.

The Company reviewed its lease portfolio and adopted IFRS 16 on January 1, 2019 and has reassessed whether a contract is or contains a lease, therefore, the Company did not apply the practical expedient. Accordingly, the Company has applied the definition of a lease in IFRS 16 to all contracts outstanding at the date of transition using the cumulative catch –up method by recognizing a right-of-use asset at a value equal to the lease liability.

The adoption of IFRS 16 has resulted in an increase in the Company's property and equipment by $1,217,109 and an increase in lease obligations by $1,469,664 at January 1, 2019, as follows:

	$
Minimum lease payments under operating leases as of December 31, 2018	1,491,206
Effect from discounting at the incremental borrowing rate as of January 1, 2019	(21,542)
Lease liabilities recognized as of January 1, 2019	1,469,664
Deferred rent	(252.555)
Right-of-use assets recognized as of January 1, 2019	1,217,109

The lease liabilities were discounted at a discount rate of 8% as of January 1, 2019.

4. RESTRICTED DEPOSIT

As at December 31, 2019, restricted deposits consisted of $11,500 (2018 - $11,500) held in a guaranteed investment certificate as collateral for a corporate credit card.

(Expressed in Canadian dollars)

5. PROPERTY AND EQUIPMENT

	Computers	Right of Use Asset	Total
	($)	($)	($)
Cost			
At December 31, 2017	76,256	-	76,256
Additions	38,483	-	38,483
At December 31, 2018	114,739		114,739
Additions	-	1,217,109	1,217,109
At December 31, 2019	**114,739**	**1,217,109**	**1,331,848**
Accumulated amortization			
At December 31, 2017	25,987	-	25,987
Amortization for the year	29,642	-	29,642
At December 31, 2018	55,629	-	55,629
Amortization for the year	30,695	296,526	327,221
At December 31, 2019	**86,324**	**296,526**	**382,850**
Carrying amounts			
At December 31, 2018	59,110	-	59,110
At December 31, 2019	**28,415**	**920,583**	**948,998**

6. BUSINESS COMBINATION WITH VERSUS LLC

On June 26, 2016, the Company acquired a 37.5% ownership interest in Versus LLC, a privately held limited liability company organized under the laws of the state of Nevada, from existing members (the "Selling Members") in consideration of a cash payment of $1,962,722 (US$1,500,000). Versus LLC is a technology company that is developing a business-to-business software platform that allows video game publishers and developers to offer prize-based matches of their games to their players.

On June 30, 2016, the Company and the Selling Members exchanged 100% of their ownership units in Versus LLC for 8,950.05 common shares of Opal Energy (Holdco) Corp. ("Newco") determined to have a fair value of $5,201,800 (US$4,000,000). Consequently, Versus LLC became a wholly-owned subsidiary of Newco. This share exchange resulted in a reduction of the Company's ownership interest in Newco from 100% to 38.2%.

In addition, the Company acquired full voting control over all of the Newco shares held by the Selling Members in exchange for granting them the right to exchange their Newco shares for such number of common shares of the Company equal to a total value of US$2,500,000, and common share purchase warrants with a total value of US$1,250,000 at an exercise price of $0.20 per share until June 30, 2019. As a result of this voting control, the Company has consolidated the assets, liabilities and results of operations of Versus LLC since the date of acquisition. Furthermore, the Company recorded a non-controlling interest related to the 61.8% interest held by the Selling Members in the net identifiable assets of Versus LLC.

In connection with the acquisition of Versus, LLC, the Company acquired intangible assets of $5,921,712 (Note 7).

6. BUSINESS COMBINATION WITH VERSUS LLC (continued)

On November 22, 2016, the Company acquired an additional 500 shares of Newco from one of the Selling Members in exchange for 1,441,553 common shares of the Company and 720,766 share purchase warrants that are exercisable at $0.20 per share until July 24, 2019. The common shares and the share purchase warrants were determined to have a fair value of $230,648 and $75,600, respectively. As a result, the Company increased its ownership interest in Newco to 40.42% and recorded the excess purchase price over net identifiable assets of $90,908 against reserves. The effect on non-controlling interest was a reduction of $215,341, for a balance of $2,999,871.

On September 21, 2017, the Company acquired an additional 174 shares of Newco from one of the Selling Members in exchange for 501,660 common shares of the Company and 250,830 share purchase warrants that are exercisable at $0.20 per share until June 24, 2019. The common shares and the share purchase warrants were determined to have a fair value of $235,780 and $88,470, respectively. As a result, the Company increased its ownership interest in Newco to 41.3% and recorded the excess purchase price over net identifiable assets of $312,255 against reserves. The effect on non-controlling interest was a reduction of $11,995.

On May 21, 2019, the Company acquired an additional 3,186 shares of Newco from one of the Selling Members in exchange for 9,184,141 common shares of the Company and 4,592,071 share purchase warrants that are exercisable at $0.20 per share until June 30, 2019. The common shares and the share purchase warrants were determined to have a fair value of $1,882,749 and $156,389, respectively. As a result, the Company increased its ownership interest in Newco to 66.5% and recorded the excess purchase price over net identifiable liabilities of $4,644,719 against reserves. The effect on non-controlling interest was a reduction of $2,605,582.

On June 21, 2019, the Company acquired an additional 16 shares of Newco from one of the Selling Members in exchange for 45,185 common shares of the Company and 22,592 share purchase warrants that are exercisable at $0.20 per share until June 30, 2019. The common shares and the share purchase warrants were determined to have a fair value of $9,263 and $3,389, respectively. As a result, the Company increased its ownership interest in Newco to 66.8% and recorded the excess purchase price over net identifiable assets of $34,714 against reserves. The effect on non-controlling interest was a reduction of $22,061.

(Expressed in Canadian dollars)

6. BUSINESS COMBINATION WITH VERSUS LLC (continued)

The following table presents summarized financial information before intragroup eliminations for the non-wholly owned subsidiary as at December 31, 2019 and 2018:

	2019	2018
Non-controlling interest percentage	**33.2%**	**58.7%**
	($)	**($)**
Assets		
Current	103,398	72,222
Non-current	3,739,445	3,566,490
	3,842,843	**3,638,490**
Liabilities		
Current	823,285	740,249
Non-current	17,851,531	11,059,323
	18,674,816	**11,799,572**
Net liabilities	**(14,831,973)**	**(8,160,860)**
Non-controlling interest	**(6,024,450)**	**(5,893,609)**
Loss and comprehensive loss	**(6,671,113)**	**(7,766,709)**
Loss and comprehensive loss attributed to non-controlling interest	**(2,758,484)**	**(4,741,694)**

(Expressed in Canadian dollars)

7. INTANGIBLE ASSETS

Intangible assets are comprised of a business-to-business software platform that allows video game publishers and developers to offer prize-based matches of their games to their players. The intangible asset was acquired in the business combination with Versus LLC as described in Note 6. In addition, the Company continues to develop new apps, therefore additional cost were capitalized during the year ended December 31, 2019.

	Software ($)
Cost	
At December 31, 2017	7,993,002
Additions	1,804,207
At December 31, 2018	9,797,209
Additions	1,939,858
At December 31, 2019	**11,737,067**
Accumulated amortization	
At December 31, 2017	3,461,095
Amortization	2,965,035
At December 31, 2018	6,426,130
Amortization	2,530,590
At December 31, 2019	**8,956,720**
Carrying amounts	
At December 31, 2018	3,371,079
At December 31, 2019	**2,780,347**

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are comprised of the following:

	December 31, 2019 ($)	December 31, 2018 ($)
Accounts payable	446,988	431,292
Due to related parties	492,181	300,858
Accrued liabilities	36,236	303,594
	975,405	**1,035,744**

9. NOTES PAYABLE

During the year ended December 31, 2019, the Company issued unsecured notes payable for total proceeds of CDN$2,633,667 from director and officers of the Company who are also a shareholders. The loans bear interest at the prime rate which was 3.95% per annum at December 31, 2019, compounded annually and payable quarterly, and had a maturity date of three years from the date of issuance. The notes were considered below the Company's estimated market borrowing rate of 10% and as such, a contribution benefit of $297,110 was recorded in reserves. As at December 31, 2019, the Company had recorded $249,496 in accrued interest which was included in accounts payable and accrued liabilities.

(Expressed in Canadian dollars)

9. NOTES PAYABLE (continued)

During the year ended December 31, 2018, the Company issued unsecured notes payable for total proceeds of CDN$2,780,000 from a director of the Company who is also a shareholder. The loans bear interest at prime rate compounded annually and payable quarterly, and have a maturity date of three years from the date of issuance. The notes are considered to be below the Company's estimated market borrowing rate of 10% and as such, a contribution benefit of $452,566 was recorded in reserves.

During the year ended December 31, 2018, the Company issued unsecured notes payable for total proceeds of US$230,000 from a director and officer of the Company who is also a shareholder. The loans bear interest at prime rate compounded annually and payable quarterly, and have a maturity date of three years from the date of issuance. The notes were considered to be below the Company's estimated market borrowing rate of 10% and as such, a contribution benefit of $48,358 was recorded in reserves.

The 2019 notes were originally recorded at $2,273,890 (2018 - $2,605,731), being the present value of future payments discounted at 10%. During the year ended December 31, 2019, the Company recorded finance expense of $257,448 (2018 - $125,903), related to bringing the notes to their present value.

	Amount ($)
Balance at December 31, 2017	747,322
Proceeds	3,106,652
Contribution benefit	(500,921)
Finance expense	125,903
Balance, December 31, 2018	3,478,956
Proceeds	2,633,667
Repayments	(1,258,194)
Contribution benefit	(297,110)
Finance expense	257,448
Balance, December 31, 2019	**4,814,767**

10. SHARE CAPITAL AND RESERVES

a) Authorized share capital

An unlimited number of common shares and an unlimited number of Class A Shares, each without par value. The Class A Shares do not have any special rights or restrictions attached.

During the year ended December 31, 2019, the Company:

i) issued, 9,987,655 units pursuant to a private placement at a price of $0.18 per unit for total proceeds of $1,797,778. Each unit consisted of one common share and one common stock warrant for each share purchased. Each warrant entitles the holder to purchase one additional common share at a price of $0.30 until February 14, 2021.

ii) issued, 17,517,500 units pursuant to a private placement at a price of $0.20 per unit for total proceeds of $3,503,500. Each unit consisted of one common share and a one common stock warrant for each share purchased. Each warrant entitles the holder to purchase one additional common share at a price of $0.35 until July 26, 2021.

10. SHARE CAPITAL AND RESERVES (continued)

a) Authorized share capital (continued)

iii) issued, 4,545,454 units at a price of $0.22 per unit for total proceeds of $1,000,000. Each unit consisted of one common share and one common stock warrant for each share purchased. Each warrant entitles the holder to purchase one additional common share at a price of $0.35 until August 9, 2021.

iv) issued 9,229,326 common shares at a value of $1,892,012 on acquisition of Newco shares (Note 6).

v) issued 2,529,805 common shares pursuant to the exercise of share purchase warrants and stock options for total proceeds of $425,417.

During the year ended December 31, 2018, the Company:

i) issued, 12,259,667 units at a price of $0.30 per unit for total proceeds of $3,677,900. Each unit consisted of one common share and a one half common stock warrant for each share purchased. Each whole warrant entitles the holder to purchase one additional common share at a price of $0.40 until April 12, 2020. A residual value of $78,957 was allocated to the warrants.

ii) issued 2,460,000 common shares pursuant to the exercise of share purchase warrants for total proceeds of $384,000.

Escrow

At December 31, 2019, 5,000 common shares (December 31, 2018 – 5,000) of the Company are held in escrow due to misplaced share certificates originally issued to three individual shareholders.

Pursuant to an escrow agreement dated June 30, 2016, 12,431,791 common shares will be held in escrow. A total of 10% of the escrow shares were released on June 30, 2016, and the remainder will be released in equal tranches of 15% every nine months thereafter. As at December 31, 2019, there were no common shares remaining in escrow.

b) Stock options

Pursuant to the policies of the CSE, the Company may grant incentive stock options to its officers, directors, employees and consultants. The Company has implemented a rolling Stock Option Plan (the “Plan”) whereby the Company can issue up to 10% of the issued and outstanding common shares of the Company. Options have a maximum term of ten years and vesting is determined by the Board of Directors.

(Expressed in Canadian dollars)

10. SHARE CAPITAL AND RESERVES (continued)

b) Stock options (continued)

A continuity schedule of outstanding stock options is as follows:

	Number Outstanding	Weighted Average Exercise Price ($)
Balance – December 31, 2017	8,504,971	0.31
Granted	1,156,500	0.37
Cancelled	(869,089)	0.33
Balance –December 31, 2018	8,792,382	0.31
Granted	7,720,000	0.33
Exercised	(50,000)	0.22
Forfeited	(248,000)	0.42
Balance – December 31, 2019	16,214,382	0.32

During the year ended December 31, 2019, the Company granted a total of 7,720,000 stock options with a fair value of $1,724,580 (or $0.22 per option). During the year ended December 31, 2019, the Company recorded share-based compensation of $826,360 relating to options vested during the year.

During the year ended December 31, 2018, the Company granted a total of 1,156,500 stock options with a fair value of $343,711 (or $0.37 per option). During the year ended December 31, 2018, the Company recorded share-based compensation of $651,316 relating to options vested during the year.

The Company used the following assumptions in calculating the fair value of stock options for the years ended:

	December 31, 2019	December 31, 2018
Risk-free interest rate	1.59%	2.18%
Expected life of options	5.0 years	5.0 years
Expected dividend yield	Nil	Nil
Volatility	95.8%	111.6%

(Expressed in Canadian dollars)

10. SHARE CAPITAL AND RESERVES (continued)

b) Stock options (continued)

At December 31, 2019, the Company had incentive stock options outstanding as follows:

Expiry Date	Options Outstanding	Options Exercisable	Exercise Price ($)	Weighted Average Remaining Life (years)
July 13, 2021	5,367,382	4,509,413	0.27	1.53
March 17, 2022	908,000	416,167	0.44	2.21
May 18, 2022	158,000	65,833	0.49	2.38
September 14, 2022	1,278,500	1,047,281	0.35	2.71
June 6, 2023	362,500	52,864	0.46	3.43
September 4, 2023	370,000	30,833	0.25	3.68
October 18, 2023	50,000	6,250	0.22	3.80
April 2, 2024	1,820,000	919,997	0.21	4.26
June 27, 2024	100,000	25,000	0.21	4.49
September 27, 2024	5,600,000	458,332	0.38	4.75
October 22, 2024	200,000	-	0.33	4.81
	16,214,382	7,531,970	0.32	3.24

c) Share purchase warrants

A continuity schedule of outstanding share purchase warrants is as follows:

	Number Outstanding	Weighted Average Exercise Price ($)
Balance – December 31, 2017	27,386,929	0.30
Exercised	(2,460,000)	0.16
Expired	(8,272,000)	0.40
Issued	6,841,239	0.39
Balance – December 31, 2018	23,496,168	0.31
Exercised	(2,479,805)	0.17
Expired	(5,563,667)	0.20
Issued	37,589,807	0.32
Balance – December 31, 2019	53,042,503	0.33

10. SHARE CAPITAL AND RESERVES (continued)

c) Share purchase warrants (continued)

During the year ended December 31, 2019, the Company:

i) On February 14, 2019, the Company completed a unit private placement which included 9,987,655 share purchase warrants exercisable at $0.30 per share for a period of two years. The share purchase warrants were determined to have a fair value of $199,753 using the residual value method.

ii) On February 14, 2019, the Company completed a unit private placement which included 699,135 broker warrants exercisable at $0.18 per share for a period of two years. The share purchase warrants were determined to have a fair value of $61,843 using the Black Scholes option pricing model.

iii) On July 26, 2019, the Company completed a unit private placement which included 17,517,500 share purchase warrants exercisable at $0.35 per share for a period of two years. The share purchase warrants were determined to have a fair value of $Nil using the residual method.

iv) On July 26, 2019, the Company issued 225,400 agent warrants exercisable to purchase additional shares at a price of $0.35 per share for a period of 24 months from closing. The agent warrants were determined to have a fair value of $20,985.

v) On August 9, 2019, the Company completed a unit private placement which included 4,545,454 share purchase warrants exercisable at $0.35 per share for a period of two years. The share purchase warrants were determined to have a fair value of $Nil using the residual method.

vi) The Company issued 4,614,663 warrants at a value of $159,778 for the acquisition of Newco shares (Note 6).

During the year ended December 31, 2018, the Company:

i) On March 29, 2018 and April 12, 2018, completed a unit private placement which included 6,129,833 share purchase warrants exercisable at $0.40 per share for a period of two years. The share purchase warrants were determined to have a fair value of $140,531 using the residual value method.

ii) On March 29, 2018 and April 12, 2018, completed a unit private placement which included 711,405 brokers' warrants exercisable at $0.30 per share for a period of two years. The broker warrants were determined to have a fair value of $116,226 using the Black Scholes option pricing model.

(Expressed in Canadian dollars)

10. SHARE CAPITAL AND RESERVES (continued)

c) Share purchase warrants (continued)

The Company used the following assumptions in calculating the fair value of the warrants for the period ended:

	December 31, 2019	December 31, 2018
Risk-free interest rate	1.77%	1.85%
Expected life of options	2.0 years	2.0 years
Expected dividend yield	Nil	Nil
Volatility	107.14%	86.44%
Weighted average fair value per warrant	$ 0.04	$ 0.16

At December 31, 2019, the Company had share purchase warrants outstanding as follows:

Expiry Date	Warrants Outstanding	Exercise Price ($)	Weighted Average Remaining Life (years)
February 27, 2020	5,573,333	0.15	0.16
March 29, 2020	209,930	0.30	0.24
April 11, 2020	682,500	0.40	0.28
April 12, 2020	501,475	0.30	0.28
July 31, 2020	1,499,500	0.40	0.58
August 13, 2020	3,947,833	0.40	0.62
February 14, 2021	9,717,655	0.30	1.13
February 14, 2021	671,922	0.18	1.13
July 26, 2021	17,742,900	0.35	1.57
August 9, 2021	4,545,454	0.35	1.61
March 17, 2022	7,950,000	0.40	2.21
	53,042,503	0.33	1.30

d) Performance warrants

On September 30, 2016, the Company issued 10,003,776 performance warrants with a fair value of $1,725,496. These performance warrants vested during the year ended December 31, 2019. During the year ended December 31, 2018, the Company expensed $12,889 (2018 - $140,531) as share-based compensation.

At December 31, 2019, the Company had performance warrants outstanding as follows:

Expiry Date	Performance Warrants Outstanding	Performance Warrants Exercisable	Exercise Price ($)	Remaining Life (years)
June 30, 2021	10,003,776	10,003,776	0.25	1.5

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS

d) Performance warrants (continued)

The following summarizes the Company's related party transactions, not disclosed elsewhere in these consolidated financial statements, during the year ended December 31, 2019 and 2018. Key management personnel includes the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), directors and officers and companies controlled or significantly influenced by them.

Key Management Personnel	**2019**	**2018**
	($)	**($)**
Short-term employee benefits paid or accrued to the CEO of the Company, including share-based compensation vested for incentive stock options and performance warrants.	382,002	434,543
Short-term employee benefits paid or accrued to the CFO of the Company, including share-based compensation vested for incentive stock options	262,432	150,706
Short-term employee benefits paid or accrued to a member of the advisory board of the Company, including share-based compensation vested for incentive stock options and performance warrants.	62,209	297,445
Short-term employee benefits paid or accrued to the Vice President of Engineering of the Company, including share-based compensation vested for incentive stock options and performance warrants.	297,140	238,456
Short-term employee benefits paid or accrued to certain directors and officers of the Company including share-based compensation vested for incentive stock options and performance warrants.	442,757	101,456
Total	1,446,540	1,222,606

Other Related Party Payments

Office sharing and occupancy costs of $84,000 (2018 - $76,000) were paid or accrued to a corporation that shares management in common with the Company.

Amounts Outstanding

a) At December 31, 2019, a total of $492,181 (December 31, 2018 - $300,862) was included in accounts payable and accrued liabilities owing to officers, directors, or companies controlled by them. These amounts are unsecured and non-interest bearing.

b) At December 31, 2019 a total of $5,470,000 (December 31, 2018 - $3,993,491) of long term notes was payable to a director and the CEO of the Company (Note 9).

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, receivables, restricted deposit, accounts payable and accrued liabilities and notes payable.

The fair value of cash, receivables, accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments. The fair value of notes payable approximates its book value as it was discounted using a market rate of interest.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company manages its credit risk by ensuring that its cash is placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist of goods and services tax due from the government.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Liquidity risk

The Company's cash is invested in business accounts which are available on demand, The Company has raised additional capital subsequent to December 31, 2019 (Note 18). The Company' cash position is not sufficient to meet all financial liabilities currently outstanding and expected to be incurred over the next twelve months. Accordingly, the Company is exposed to liquidity risk.

Interest rate risk

The Company's bank account earns interest income at variable rates and the notes payable bear interest at the prime lending rate. A 1% change in interest rates would have no significant impact on profit or loss for the year ended December 31, 2019.

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Foreign exchange risk

Foreign currency exchange rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate because of changes in foreign exchange rates. The Company operates in Canada and the United States.

The Company was exposed to the following foreign currency risk as at December 31, 2019 and December 31, 2018:

	December 31, 2019	December 31, 2018
	(US$)	(US$)
Cash	72,097	25,689
Lease obligations	(768,563)	-
Accounts payable and accrued liabilities	(445,660)	(543,790)
	(1,142,126)	(518,101)

As at December 31, 2019, with other variables unchanged, a +/- 10% change in the United States dollar to Canadian dollar exchange rate would impact the Company's profit or loss by $148,000 (December 31, 2018 - $71,000).

13. MANAGEMENT OF CAPITAL

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. Capital consists of items within equity (deficiency). The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements.

The Company remains dependent on external financing to fund its activities. In order to sustain its operations, the Company will spend its existing cash on hand and raise additional amounts as needed until the business generates sufficient revenues to be self-sustaining. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In order to maximize ongoing corporate development efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in certificates of deposit with major financial institutions. There have been no changes to the Company's approach to capital management during the year ended December 31, 2019.

(Expressed in Canadian dollars)

14. GEOGRAPHICAL SEGMENTED INFORMATION

The Company is engaged in one business activity, being the development of a business-to-business software platform that allows video game publishers and developers to offer prize-based matches of their games to their players. Revenue earned during the year ended December 31, 2019 is from a customer based in the United States.

Details of identifiable assets by geographic segments are as follows:

	Restricted deposits	Deposits	Property and equipment	Intangible assets
December 31, 2019				
Canada	$ 11,500	$ -	$ 119,797	$ -
USA	-	129,897	829,201	2,780,347
	$ 11,500	$ 129,897	$ 948,998	$ 2,780,347
December 31, 2018				
Canada	$ 11,500	$ -	$ -	$ -
USA	-	136,301	59,110	3,371,079
	$ 11,500	$ 136,301	$ 59,110	$ 3,371,079

15. SUPPLEMENTAL CASH FLOW INFORMATION

	2019 ($)	2018 ($)
Non-cash investing and financing activities:		
Contribution benefit on low interest rate notes (Note 9)	297,110	500,921
Residual value of units (Note 10)	199,750	78,957
Fair value of broker warrants (Note 10)	82,928	116,226
Shares issued to acquire Newco shares (Note 6)	1,892,012	-
Interest paid during the year	56,144	-
Income taxes paid during the year	-	-

(Expressed in Canadian dollars)

16. LEASE OBLIGATIONS AND COMMITMENTS

Lease Liabilities

	$
Lease liabilities recognized as of January 1, 2019	1,469,664
Lease payments made	(359,119)
Interest expense on lease liabilities	104,384
Foreign exchange adjustment	(92,529)
	1,122,400
Less: current portion	(328,373)
At December 31, 2019	794,027

On August 1, 2015, the Company entered into a cost sharing arrangement agreement for the provision of office space and various administrative services. In May of 2018 the Company extended the cost sharing arrangement to June of 2021 at a monthly fee of $7,000 plus GST per month.

Year	Amount ($)
2020	84,000
2021	49,000

On September 6, 2017, the Company entered into a rental agreement for office space in Los Angeles, USA. Under the terms of the agreement the Company will pay monthly rent starting at US$17,324 commencing on October 1, 2017 until September 30, 2022.

Year	Amount US($)
2020	242,887
2021	251,384
2022	260,185
2023	131,576

(Expressed in Canadian dollars)

17. INCOME TAXES

a) Provision for Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2019	2018
	($)	($)
Loss for the year	(9,627,605)	(9,373,171)
Expected income tax (recovery)	(2,599,000)	(2,531,000)
Change in statutory, foreign tax, foreign exchange rates and other	528,000	(96,000)
Permanent differences	345,000	180,000
Share issue costs	(154,000)	(121,000)
Adjustment to prior years provision versus statutory tax returns	4,157,000	(1,026,000)
Change in unrecognized deductible temporary differences	(2,277,000)	3,594,000
Income tax expense	-	-

b) Deferred Income Taxes

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2019	2018
	($)	($)
Non-capital losses carry-forward	9,054,000	17,116,000
Exploration and evaluation assets	1,919,000	1,929,000
Share issuance costs	200,000	109,000
Debt with accretion	(127,000)	(139,000)
Intangible assets	1,605,000	623,000
Allowable capital losses	4,749,000	82,000
Property and equipment	77,000	34,000
	17,477,000	19,754,000
Unrecognized deferred tax assets	(17,477,000)	(19,754,000)
	-	-

(Expressed in Canadian dollars)

17. INCOME TAXES (continued)

b) Deferred Income Taxes (continued)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

Temporary Differences	2019	Expiry Date Range	2018	Expiry Date Range
	($)		($)	
Non-capital losses available for future periods - US	15,498,000	2036 to indefinite	56,521,000	2025 to indefinite
Non-capital losses available for future periods - Canada	21,005,000	2026 to 2039	18,918,000	2026 to 2038
Allowable capital losses	303,000	No expiry date	303,000	No expiry date
Property and equipment	327,000	No expiry date	126,000	No expiry date
Intangible asset	7,642,000	No expiry date	2,965,000	No expiry date
Exploration and evaluation assets	7,108,000	No expiry date	7,146,000	No expiry date
Share issuance costs	740,000	2040 to 2043	405,000	2039 to 2042

Tax attributes are subject to review, and potential adjustment, by tax authorities.

18. SUBSEQUENT EVENTS

A) On February 13, 2020, the Company issued 2,400,000 units at a price of $0.25 per unit for total proceeds of $600,000 (of which $300,000 was received as at December 31, 2019). Each unit consisted of one common share and one half share purchase warrant wherein each whole warrant entitles the holder to purchase one common share at a price of $0.40 until February 13, 2021.

B) From January to November 20, 2020, the Company issued additional notes payables to a director and its CEO for an accumulated amount of $1,251,257. The notes bear interest at the applicable prime rate and interest accrues quarterly.

C) Since March 2020, several governmental measures have been implemented in Canada and the rest of the world in response to the coronavirus (COVID-19) pandemic. While the impact of COVID-19 and these measures are expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company's business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2020. The Company continues to operate its business, and in response to Canadian Federal and Provincial, and US Federal and State emergency measures, has requested its employees and consultants work remotely wherever possible. These government measures, which could include government mandated closures of the Company or its contractors could impact the Company's ability to conduct its operations in a timely manner, and the Company is evaluating the best way to move its activities forward when the emergency measures are lifted.

D) On April 13, 2020 the Company extended the maturity of 4,630,333 warrants issued on April 11, 2018 for an additional three months but expired on July 11, 2020.

E) On April 20, 2020, the Company entered into a Mutual Investment Agreement with Animoca Brands Inc. in which the Company issued 3,036,739 shares of the Company's common stock in exchange for 4,237,431 shares of Animoca Brands common stock. On the same date the Company issued an additional 1,293,426 shares of the Company's common stock to Animoca Brands in exchange for marketing services.

18. SUBSEQUENT EVENTS (continued)

F) From January 1, 2020 to June 15, 2020 the Company's warrant holders had exercised 5,223,333 warrants at an exercise price of $0.15 per share for total proceeds of $783,500.

G) In May 2020, the Company entered into an arrangement with a customer to provide USD$1,830,000 of business development and engineering services. The arrangement is effective from May 15, 2020 to November 15, 2020 and may be terminated by the customer with 15 days' notice.

H) On July 17, 2020, the Company issued, 2,760,500 units at a price of $0.25 per unit for total proceeds of $690,125. Each unit consisted of one common share and one share purchase warrant wherein each whole warrant entitles the holder to purchase one common share at a price of $0.40 until July 17, 2023.

I) Subsequent to year end, the Company has issued 7,121,325 options with an exercise price of $0.25 per share with expiry of five years.

J) On November 17, 2020, the Company issued, 10,000,000 units at a price of $0.25 per unit for total proceeds of $2,500,000. Each unit consisted of one common share and one share purchase warrant wherein each whole warrant entitles the holder to purchase one common share at a price of $0.40 until November 17, 2023.

K) On November 19, 2020, the Company issued 400,000 options with an exercise price of $0.375 per share.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

SIX MONTH PERIOD ENDED

JUNE 30, 2020

Versus Systems Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	June 30, 2020 ($)	December 31, 2019 ($)
ASSETS		
Current assets		
Cash	132,680	99,209
Receivables	180,094	44,400
Prepaids	2,236	28,003
	315,010	171,612
Restricted deposit (Note 4)	11,497	11,500
Deposits	136,000	129,897
Property and equipment (Note 5)	772,202	948,998
Intangible assets (Note 7)	2,637,410	2,780,347
Total Assets	3,872,119	4,042,354
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	1,641,547	975,405
Deferred revenue	823,126	-
Lease liability (Note 16)	342,327	328,373
Current liabilities	2,807,000	1,303,778
Non-current liabilities		
Lease liability (Note 16)	687,876	794,027
Government note (Note 9)	622,453	-
Notes payable (Note 9)	5,357,281	4,814,767
Total liabilities	9,474,610	6,912,572
Equity		
Share capital (Note 10)		
Common shares	101,939,229	99,505,558
Class A shares	37,927	37,927
Share subscriptions received in advance (Note 18)	-	300,000
Reserves (Note 10)	10,367,312	9,832,386
Deficit	(110,803,369)	(106,521,639)
	1,541,099	3,154,232
Non-controlling interest (Note 6)	(7,143,590)	(6,024,450)
	(5,602,491)	(2,870,218)
Total Liabilities and Equity	3,872,119	4,042,354
Nature of operations and going concern (Note 1)		
Commitments (Note 16)		
Subsequent events (Note 17)		

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on September 11, 2020. They are signed on behalf of the Board of Directors by:

/s/ Matthew Pierce	***/s/ Brian Tingle***
Director	Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Versus Systems Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Month Period Ended June 30, 2020	Three Month Period Ended June 30, 2019	Six Month Period Ended June 30, 2020	Six Month Period Ended June 30, 2019
			($)	($)
REVENUES	612,366	431,825	612,626	654,324
EXPENSES				
Amortization (Note 5)	93,131	84,509	176,796	170,965
Amortization of intangible assets (Note 7)	412,800	702,702	953,230	1,566,813
Consulting fees (Note 11)	126,316	123,185	315,817	332,967
Foreign exchange loss (gain)	(95,259)	(3,752)	119,115	(792)
General and administrative	598,684	172,928	982,540	396,353
Interest expense	95,248	43,459	154,734	81,554
Interest expense on lease obligations (Note 16)	28,396	27,441	37,863	56,301
Professional fees	442,987	92,671	533,562	225,952
Salaries and wages (Note 11)	950,184	508,115	1,558,024	1,125,020
Sales and marketing	27,144	40,648	39,043	52,140
Share-based compensation (Note 10)	173,897	230,172	465,658	408,373
	(2,241,162)	(1,590,253)	(4,723,756)	(3,761,322)
Finance expense (Note 9)	(82,934)	(64,827)	(169,064)	(123,766)
Loss on disposal of marketable securities	(508,050)	-	(508,050)	-
Loss and comprehensive loss	(2,832,146)	(1,655,080)	(5,400,870)	(3,885,088)
Loss and comprehensive loss attributable to:				
Shareholders	(2,565,322)	(843,394)	(4,281,730)	(1,999,569)
Non-controlling interest	(266,824)	(811,686)	(1,119,140)	(1,885,519)
	(2,832,146)	(1,655,080)	(5,400,870)	(3,885,088)
Basic and diluted loss per common share attributable to Versus Systems Inc.	(0.02)	(0.01)	(0.03)	(0.02)
Weighted average common shares outstanding	146,624,963	105,610,830	142,971,303	101,122,034

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Versus Systems Inc.
Condensed Interim Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Number of Common Shares	Number of Class A Shares	Share Capital		Reserves	Deficit	Share subscriptions received	Equity	Non-controlling Interest	Total Shareholders' Equity
			Common Shares	Class A Shares						
			($)	($)	($)	($)	($)	($)	($)	($)
Balance at December 31, 2018	91,478,562	33,713	91,723,017	37,927	8,270,190	(94,973,085)	-	5,058,049	(5,893,609)	(835,560)
Shares issued in private placement	9,987,655	-	2,122,278	-	-	-	-	2,122,278	-	2,122,278
Share issuance costs	-	-	(285,161)	-	-	-	-	(285,161)	-	(285,161)
Acquisition of Versus LLC	9,229,326	-	1,892,012	-	159,778	(4,679,433)	-	(2,627,643)	2,627,643	-
Exercise of warrants	33,888	-	6,778	-	-	-	-	6,778	-	6,778
Contribution benefit	-	-	-	-	182,299	-	-	182,299	-	182,299
Warrants issued	-	-	-	-	94,371	-	-	94,371	-	94,371
Stock-based compensation	-	-	-	-	314,003	-	-	314,003	-	314,003
Loss and comprehensive loss	-	-	-	-	-	(1,999,569)	-	(1,999,569)	(1,885,519)	(3,885,088)
Balance at June 30, 2019	110,729,431	33,713	95,458,924	37,927	9,020,641	(101,652,087)	-	2,865,405	(5,151,485)	(2,286,080)
Shares issued in private placement	22,062,954	-	3,979,247	-	199,753	-	-	4,179,000	-	4,179,000
Share subscriptions received	-	-	-	-	-	-	300,000	300,000	-	300,000
Share issuance costs	-	-	(367,874)	-	82,928	-	-	(284,946)	-	(284,946)
Contribution benefit	-	-	-	-	114,811	-	-	114,811	-	114,811
Exercise of warrants	2,445,917	-	415,892	-	(8,253)	-	-	407,639	-	407,639
Performance warrants issued	-	-	-	-	(81,482)	-	-	(81,482)	-	(81,482)
Exercise of options	50,000	-	19,369	-	(8,369)	-	-	11,000	-	11,000
Stock-based compensation	-	-	-	-	512,357	-	-	512,357	-	512,357
Loss and comprehensive loss	-	-	-	-	-	(4,869,552)	-	(4,869,552)	(872,965)	(5,742,517)
Balance at December 31, 2019	135,288,302	33,713	99,505,558	37,927	9,832,386	(106,521,639)	300,000	3,154,232	(6,024,450)	(2,870,218)
Shares issued in private placement	2,400,000	-	300,000	-	-	-	-	300,000	-	300,000
Share subscriptions received	-	-	300,000	-	-	-	(300,000)	-	-	-
Contribution benefit	-	-	-	-	69,668	-	-	69,668	-	69,668
Exercise of warrants	5,223,333	-	783,500	-	-	-	-	783,500	-	783,500
Shares issued for services and investment	4,330,165	-	1,047,671	-	-	-	-	1,047,671	-	1,047,671
Exercise of options	10,000	-	2,500	-	(400)	-	-	2,100	-	2,100
Stock-based compensation	-	-	-	-	465,658	-	-	465,658	-	465,658
Loss and comprehensive loss	-	-	-	-	-	(4,281,730)	-	(4,281,730)	(1,119,140)	(5,400,870)
Balance at June 30, 2020	147,251,800	33,713	101,939,229	37,927	10,367,312	(110,803,369)	-	1,541,099	(7,143,590)	(5,602,491)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Versus Systems Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Six Month Period Ended June 30, 2020 ($)	Six Month Period Ended June 30, 2019 ($)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the period	(5,400,870)	(3,885,088)
Items not affecting cash:		
Amortization (Note 5)	17,456	19,923
Amortization of intangible assets (Note 7)	953,230	1,566,813
Amortization of right-of-use assets (Note 5)	159,340	151,042
Shares issued for services	349,225	-
Finance expense	282,147	180,068
Loss on sale of investment	508,050	-
Effect of foreign exchange	(6,103)	66,906
Forgiveness on government loan	(207,484)	-
Share-based compensation	465,658	408,374
Changes in non-cash working capital items:		
Receivables	(135,694)	(67,582)
Prepaids and deposits	25,770	44,862
Deferred revenue	823,126	-
Accounts payable and accrued liabilities	666,142	(226,598)
Cash used in operating activities	(1,500,007)	(1,741,280)
FINANCING ACTIVITIES		
Proceeds from notes payable	443,118	1,976,833
Proceeds from Government PPP loan	829,937	-
Repayment of notes payable	-	(718,228)
Proceeds from warrant exercises	783,500	6,778
Proceeds from option exercises	2,100	-
Payments for lease liabilities	(205,280)	(195,681)
Proceeds from issuance of common shares	300,000	2,122,278
Share issuance costs	-	(285,161)
Cash provided by financing activities	2,153,375	2,906,819
INVESTING ACTIVITIES		
Proceeds from sale of investments	190,396	-
Development of intangible assets	(810,293)	(960,542)
Cash used in investing activities	(619,897)	(960,542)
Change in cash during the period	33,471	204,997
Cash - Beginning of the period	99,209	34,000
Cash - End of the period	132,680	238,997

Supplemental Cash Flow Information (Note 15)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Versus Systems Inc. (the "Company") was continued under the Business Corporations Act (British Columbia) effective January 7, 2007. The Company's head office and registered and records office is Suite 302 – 1620 West 8th Ave, Vancouver, BC, V6J 1V4, Canada. The Company is traded on the Canadian Securities Exchange ("CSE") under the symbol "VS" and on the OTCQB market under the trading symbol "VRSSF".

The Company is engaged in the technology sector and is developing a business-to-business software platform that allows video game publishers and developers to offer prize-based matches of their games to their players.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at June 30, 2020, the Company has not achieved positive cash flow from operations and is not able to finance day to day activities through operations. The Company expects to incur further losses in the development of its business. The March 2020 pandemic outbreak of COVID-19 could continue to have a negative impact on the stock markets, affecting trading prices of the Company's shares and its ability to raise new capital. These material uncertainties raise substantial doubt as to the ability of the Company to meet its obligations as they come due and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company's continuation as a going concern is dependent upon its ability to ultimately attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019, prepared in accordance with IFRS as issued by the IASB.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 20, 2020.

Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value. In addition, these condensed financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company and its subsidiaries.

2. BASIS OF PRESENTATION (continued)

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of Versus Systems Inc. and its subsidiaries, from the date control was acquired. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. All inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation. For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest. Adjustments to non-controlling interest are accounted for as transactions with owners and adjustments that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Versus Systems (Holdco) Inc.	United States of America	66.8%	Holding Company
Versus Systems UK, Ltd.	United Kingdom	66.8%	Sales Company
Versus LLC	United States of America	66.8%	Technology Company

Significant Accounting Judgments, Estimates and Assumptions

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on historical experience and management's assessment of current events and other facts and circumstances that are considered to be relevant. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Deferred income taxes

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

ii) Economic recoverability and probability of future economic benefits of intangible assets

Management has determined that intangible asset costs which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including anticipated cash flows and estimated economic life.

2. BASIS OF PRESENTATION (continued)

Significant Accounting Judgments, Estimates and Assumptions (continued)

iii) Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

iv) Depreciation and Amortization

The Company's intangible assets and equipment are depreciated and amortized on a straight-line basis, taking into account the estimated useful lives of the assets and residual values. Changes to these estimates may affect the carrying value of these assets, net loss, and comprehensive income (loss) in future periods.

v) Valuation of right-of-use asset and lease liabilities

The application of IFRS 16 requires the Company to make judgments that affect the valuation of the right-of-use assets and the valuation of lease liabilities. These include: determining agreements in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows.

The lease term determined by the Company is comprised of the non-cancellable period of lease agreements, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

The present value of the lease payment is determined using a discount rate representing the Company's incremental borrowing rate.

Significant judgements that have the most significant effect on the amounts recognized in these financial statements include:

i) Determination of functional currency

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

3. SIGNIFICANT ACCOUNTING POLICIES

Basic and diluted loss per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting periods. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Potentially dilutive options and warrants excluded from diluted loss per share totalled 61,710,622 (June 30, 2019 – 39,061,081).

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is calculated based on the estimated residual value and estimated economic life of the specific assets using the straight-line method over the period indicated below:

Asset	Rate
Computers	Straight line, 3 years
Right of use assets	Shorter of useful life or lease term

Financial instruments

The following is the Company's policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification IFRS 9
Cash	FVTPL
Receivables	Amortized cost
Restricted deposit	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Notes payable	Amortized cost

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Impairment of financial assets at amortized cost

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

As of June 30, 2020, the Company does not have any derivative financial assets and liabilities.

Intangible assets excluding goodwill

Intangible assets acquired separately are carried at cost at the time of initial recognition. Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Expenditure on research activities is recognized as an expense in the period in which it is incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of intangible assets excluding goodwill

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(b) the intention to complete the intangible asset and use or sell it;

(c) the ability to use or sell the intangible asset;

(d) how the intangible asset will generate probable future economic benefits;

(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenses incurred from the date when the intangible assets first meet the recognition criteria listed above. If no future economic benefit is expected before the end of the life of assets, the residual book value is expensed. Subsequent to initial recognition, internally-generated intangible assets are reported at cost. Where no internally-generated intangible asset can be recognized, development costs are recognized as an expense in the period in which it is incurred.

Amortization of software is recognized on a straight-line basis over a period of 3 years. In the year development costs are added, amortization is based on a half year.

At the end of each reporting period, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered impairment losses. If any such indication exists, the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs is estimated in order to determine the extent of the impairment losses (if any).

Where a reasonable and consistent basis of allocation can be identified, corporate assets (assets other than goodwill that contribute to the future cash flows of both the CGU under review and other CGUs) are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

Where impairment losses subsequently reverse, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment losses been recognized for the asset (or CGU) in prior years. A reversal of impairment losses is recognized immediately in profit or loss.

Income taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Current Income Tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which

differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax

Deferred income taxes are calculated based on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Lessee accounting

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing its carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the underlying asset. The company applies IAS 36, Impairment of Assets, to determine whether the asset is impaired and account for any identified impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease accounting (continued)

As a practical expedient, IFRS 16 permits a lease not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient, and accordingly allocates the consideration in the contract to lease and non-lease components based on the stand-alone price of the lease component and aggregate stand-alone price of the non-lease components.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are presented as such in the statements of income and comprehensive income.

Provisions

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

Government grant

Government grant is recognized when there is reasonable assurance that the Company will comply with any conditions attached to the grant and the grant will be received. Government grant is recognized in profit or loss to offset the corresponding expenses on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate, which in the case of grants related to assets requires setting up the grant as deferred income or deducting it from the carrying amount of the asset.

Non-controlling interest

Non-controlling interest in the Company's less than wholly owned subsidiary is classified as a separate component of equity. On initial recognition, non-controlling interest is measured at the fair value of the non-controlling entity's contribution into the related subsidiary. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to the subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to owners of the Company.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrant reserve. If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in the warrant reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based Compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Otherwise, share-based payments are measured at the fair value of goods or services received.

Revenue recognition

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

Revenue from software license sales is recognized upon delivery where there is evidence of an arrangement, the selling price is fixed or determinable and there are no significant remaining performance obligations. Foreseeable losses, if any, are recognized in the year or period in which the loss is determined.

The Company recognizes revenues received from goods and services provided upon the satisfaction of its performance obligation in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. For each performance obligation satisfied over time, the Company recognizes revenue over time by measuring the progress toward complete satisfaction of that performance obligation. If the Company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

The Company's contracts with customers may include promises to transfer multiple products and services. For these contracts, the Company accounts for individual performance obligations separately if they are capable of being distinct and distinct within the context of the contract. Determining whether products and services are considered distinct performance obligations may require significant judgment. Judgment is also required to determine the stand-alone selling price, for each distinct performance obligation.

The Company does not obtain control of the goods and the right to services in advance of transferring those goods or services to the Company's customers for advertising sales. As a result, the Company is deemed the agent in its revenue arrangement. As the Company is acting as an agent in the transaction, the Company recognizes revenue from sales of advertising services on a net basis.

The Company entered into an Accounts Receivable Purchase and Security Agreement (the "Agreement") with full recourse. Pursuant to the Agreement, the factor advances funds to the Company for the right to collect cash flows from factored accounts receivable and charges fees for its services. The factor advances funds to the Company at 90% of accounts receivable factored. The outstanding balance bears a daily interest rate of 0.05%.

The Company believes that 100% of the accounts receivable balance will be collected from the customer. As a result, no reserve on the balance owed has been recorded. The Company expenses the fees and interest charged by the factoring agent as a loss on factoring within its financial statements. The Company records the cash received from the arrangement within its operating activities.

Deferred Revenue

Revenue recognition of sales is recorded on a monthly basis upon delivery or as the services are provided. Cash received in advance for services are recorded as deferred revenue based on the proportion of time remaining under the service arrangement as at the reporting date.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Exchange

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company and its subsidiaries that are denominated in foreign currencies are translated at the rate of exchange at the date of the statement of financial position while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of profit or loss.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in shareholders' equity (deficiency) which results from transactions and events from sources other than the Company's shareholders. Net loss is the same as comprehensive loss for the years presented.

4. RESTRICTED DEPOSIT

As at June 30, 2020, restricted deposits consisted of $11,497 (2019 - $11,500) held in a guaranteed investment certificate as collateral for a corporate credit card.

5. PROPERTY AND EQUIPMENT

	Computers	Right of Use Asset	Total
	($)	**($)**	**($)**
Cost			
At December 31, 2018	114,739	-	114,739
Additions	-	1,217,109	1,217,109
At December 31, 2019	114,739	1,217,109	1,331,848
Additions	-	-	-
At June 30, 2020	**114,739**	**1,217,109**	**1,331,848**
Accumulated amortization			
At December 31, 2018	55,629	-	55,629
Amortization for the year	30,695	296,526	327,221
At December 31, 2019	86,324	296,526	382,850
Amortization for the period	17,456	159,340	176,796
At June 30, 2020	**103,780**	**455,866**	**559,646**
Carrying amounts			
At December 31, 2019	28,415	920,583	948,998
At June 30, 2020	**10,959**	**761,243**	**772,202**

6. BUSINESS COMBINATION WITH VERSUS LLC

On June 26, 2016, the Company acquired a 37.5% ownership interest in Versus LLC, a privately held limited liability company organized under the laws of the state of Nevada, from existing members (the "Selling Members") in consideration of a cash payment of $1,962,722 (US$1,500,000). Versus LLC is a technology company that is developing a business-to-business software platform that allows video game publishers and developers to offer prize-based matches of their games to their players.

On June 30, 2016, the Company and the Selling Members exchanged 100% of their ownership units in Versus LLC for 8,950.05 common shares of Opal Energy (Holdco) Corp. ("Newco"), since renamed Versus Systems (Holdco) Inc, determined to have a fair value of $5,201,800 (US$4,000,000). Consequently, Versus LLC became a wholly-owned subsidiary of Newco. This share exchange resulted in a reduction of the Company's ownership interest in Newco from 100% to 38.2%.

In addition, the Company acquired full voting control over all of the Newco shares held by the Selling Members in exchange for granting them the right to exchange their Newco shares for such number of common shares of the Company equal to a total value of US$2,500,000, and common share purchase warrants with a total value of US$1,250,000 at an exercise price of $0.20 per share until June 30, 2019. As a result of this voting control, the Company has consolidated the assets, liabilities and results of operations of Versus LLC since the date of acquisition. Furthermore, the Company recorded a non-controlling interest related to the 61.8% interest held by the Selling Members in the net identifiable assets of Versus LLC.

In connection with the acquisition of Versus, LLC, the Company acquired intangible assets of $5,921,712 (Note 7).

On November 22, 2016, the Company acquired an additional 500 shares of Newco from one of the Selling Members in exchange for 1,441,553 common shares of the Company and 720,766 share purchase warrants that are exercisable at $0.20 per share until July 24, 2019. The common shares and the share purchase warrants were determined to have a fair value of $230,648 and $75,600, respectively. As a result, the Company increased its ownership interest in Newco to 40.42% and recorded the excess purchase price over net identifiable assets of $90,908 against reserves. The effect on non-controlling interest was a reduction of $215,341, for a balance of $2,999,871.

On September 21, 2017, the Company acquired an additional 174 shares of Newco from one of the Selling Members in exchange for 501,660 common shares of the Company and 250,830 share purchase warrants that are exercisable at $0.20 per share until June 24, 2019. The common shares and the share purchase warrants were determined to have a fair value of $235,780 and $88,470, respectively. As a result, the Company increased its ownership interest in Newco to 41.3% and recorded the excess purchase price over net identifiable assets of $312,255 against reserves. The effect on non-controlling interest was a reduction of $11,995.

On May 21, 2019, the Company acquired an additional 3,186 shares of Newco from one of the Selling Members in exchange for 9,184,141 common shares of the Company and 4,592,071 share purchase warrants that are exercisable at $0.20 per share until June 30, 2019. The common shares and the share purchase warrants were determined to have a fair value of $1,882,749 and $156,389, respectively. As a result, the Company increased its ownership interest in Newco to 66.5% and recorded the excess purchase price over net identifiable liabilities of $4,644,719 against reserves. The effect on non-controlling interest was a reduction of $2,605,582.

On June 21, 2019, the Company acquired an additional 16 shares of Newco from one of the Selling Members in exchange for 45,185 common shares of the Company and 22,592 share purchase warrants that are exercisable at $0.20 per share until June 30, 2019. The common shares and the share purchase warrants were determined to have a fair value of $9,263 and $3,389, respectively. As a result, the Company increased its ownership interest in Newco to 66.8% and recorded the excess purchase price over net identifiable assets of $34,714 against reserves. The effect on non-controlling interest was a reduction of $22,061.

(Expressed in Canadian dollars)

6. BUSINESS COMBINATION WITH VERSUS LLC (continued)

The following table presents summarized financial information before intragroup eliminations for the non-wholly owned subsidiary as at June 30, 2020 and December 31, 2019:

	2020	2019
Non-controlling interest percentage	**33.2%**	**33.2%**
	($)	**($)**
Assets		
Current	371,192	103,398
Non-current	3,478,986	3,739,445
	3,850,178	**3,842,843**
Liabilities		
Current	2,161,882	823,285
Non-current	22,484,061	17,851,531
	24,645,943	**18,674,816**
Net liabilities	**(20,795,765)**	**(14,831,973)**
Non-controlling interest	**(7,143,590)**	**(6,024,450)**
Loss and comprehensive loss	**(3,370,904)**	**(6,671,113)**
Loss and comprehensive loss attributed to non-controlling interest	**(1,119,140)**	**(2,758,484)**

(Expressed in Canadian dollars)

7. INTANGIBLE ASSETS

Intangible assets are comprised of a business-to-business software platform that allows video game publishers and developers to offer prize-based matches of their games to their players. The intangible asset was acquired in the business combination with Versus LLC as described in Note 6. In addition, the Company continues to develop new apps, therefore additional costs were capitalized during the six month period ended June 30, 2020.

	Software
	($)
Cost	
At December 31, 2018	9,797,209
Additions	1,939,858
At December 31, 2019	11,737,067
Additions	810,293
At June 30, 2020	**12,547,360**
Accumulated amortization	
At December 31, 2018	6,426,130
Amortization	2,530,590
At December 31, 2019	8,956,720
Amortization	953,230
At June 30, 2020	**9,909,950**
Carrying amounts	
At December 31, 2019	2,780,347
At June 30, 2020	**2,637,410**

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are comprised of the following:

	June 30, 2020	December 31, 2019
	($)	($)
Accounts payable	675,942	446,988
Due to related parties	570,232	492,181
Accrued liabilities	395,373	36,236
	1,641,547	974,405

(Expressed in Canadian dollars)

9. GOVERNMENT AND NOTES PAYABLE

During the six month period ended June 30, 2020, the Company issued unsecured notes payable for total proceeds of CDN$443,118 from director and officers of the Company who are also a shareholders. The loans bear interest at the prime rate which was ranged from 2.45% to 3.95% per annum for the six months ended June 30, 2020, compounded annually and payable quarterly, and had a maturity date of three years from the date of issuance. The notes were considered below the Company's estimated market borrowing rate of 10% and as such, a contribution benefit of $92,791 was recorded in reserves. As at June 30, 2020, the Company had recorded $368,296 in accrued interest which was included in accounts payable and accrued liabilities.

During the year ended December 31, 2019, the Company issued unsecured notes payable for total proceeds of CDN$2,633,667 from director and officers of the Company who are also shareholders. The loans bear interest at the prime rate which was 3.95% per annum at December 31, 2019, compounded annually and payable quarterly, and had a maturity date of three years from the date of issuance. The notes were considered below the Company's estimated market borrowing rate of 10% and as such, a contribution benefit of $368,296 was recorded in reserves. As at December 31, 2019, the Company had recorded $249,496 in accrued interest which was included in accounts payable and accrued liabilities.

During the six months ended June 30, 2020, the Company recorded finance expense of $169,064 (June 30, 2019 - $123,766), related to bringing the notes to their present value.

	Amount ($)
Balance at December 31, 2018	3,478,956
Proceeds	2,633,667
Repayments	(1,258,194)
Contribution benefit	(297,110)
Finance expense	257,448
Balance, December 31, 2019	4,814,767
Proceeds	443,118
Repayments	-
Contribution benefit	(69,668)
Finance expense	169,064
Balance, June 30, 2020	**5,357,281**

In May 2020, the Company received loan proceeds in the aggregate amount of $829,937 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the CARES Act within the United States of America in response to the COVID-19 pandemic, provides for loans to qualifying businesses. A portion of the loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries. No collateral or guarantees were provided in connection with the PPP loans.

The unforgiven portion of the PPP loans is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Company intends to use the proceeds for purposes consistent with the PPP. For the six months ended June 30, 2020 the Company had incurred eligible payroll cost of $207,484 which were offset against the loan balance.

10. SHARE CAPITAL AND RESERVES

a) Authorized share capital

An unlimited number of common shares and an unlimited number of Class A Shares, each without par value. The Class A Shares do not have any special rights or restrictions attached.

b) Issued share capital

During the six month period ended June 30, 2020, the Company:

i) issued, 2,400,000 units at a price of $0.25 per unit for total proceeds of $600,000. Each unit consisted of one common share and a one half share purchase warrant for each share purchased. Each warrant entitles the holder to purchase one additional common share at a price of $0.40 until February 13, 2021.

ii) entered into a Mutual Investment Agreement with Animoca Brands Inc. in which the Company issued 3,036,739 shares of the Company's common stock with a value of $698,446 in exchange for 4,327,431 shares of Animoca Brands common stock. On the same date, the Company issued an additional 1,293,426 shares of the Company's common stock with a value of $349,225 to Animoca Brands in exchange for marketing services. The Company subsequently sold all of its shares of Animoca Brands and recognized a loss of $508,050.

iii) issued 5,233,333 common shares pursuant to exercise of warrants and stock options for total proceeds of $785,600.

During the year ended December 31, 2019, the Company:

i) issued, 9,987,655 units at a price of $0.18 per unit for total proceeds of $1,797,778. Each unit consisted of one common share and a one common stock warrant for each share purchased. Each warrant entitles the holder to purchase one additional common share at a price of $0.30 until February 14, 2021.

ii) issued, 17,517,500 units pursuant to a private placement at a price of $0.20 per unit for total proceeds of $3,503,500. Each unit consisted of one common share and a one common stock warrant for each share purchased. Each warrant entitles the holder to purchase one additional common share at a price of $0.35 until July 26, 2021.

iii) issued, 4,545,454 units at a price of $0.22 per unit for total proceeds of $1,000,000. Each unit consisted of one common share and one common stock warrant for each share purchased. Each warrant entitles the holder to purchase one additional common share at a price of $0.35 until August 9, 2021.

iv) issued 9,229,326 common shares at a value of $1,892,012 on acquisition of Newco shares (Note 6).

v) issued 2,529,805 common shares pursuant to the exercise of share purchase warrants and stock options for total proceeds of $425,417.

(Expressed in Canadian dollars)

10. SHARE CAPITAL AND RESERVES (continued)

b) Issued share capital (continued)

Escrow

At June 30, 2020, 5,000 common shares (December 31, 2019 – 5,000) of the Company are held in escrow due to misplaced share certificates originally issued to three individual shareholders.

Pursuant to an escrow agreement dated June 30, 2016, 12,431,791 common shares will be held in escrow. A total of 10% of the escrow shares were released on June 30, 2016, and the remainder will be released in equal tranches of 15% every nine months thereafter. As at June 30, 2020 and December 31, 2019 there were no common shares remaining in escrow.

c) Stock options

Pursuant to the policies of the CSE, the Company may grant incentive stock options to its officers, directors, employees and consultants. The Company has implemented a rolling Stock Option Plan (the "Plan") whereby the Company can issue up to 10% of the issued and outstanding common shares of the Company. Options have a maximum term of ten years and vesting is determined by the Board of Directors.

A continuity schedule of outstanding stock options is as follows:

	Number Outstanding	Weighted Average Exercise Price ($)
Balance – December 31, 2018	8,792,382	0.31
Granted	7,720,000	0.33
Exercised	(50,000)	0.22
Forfeited	(248,000)	0.42
Balance –December 31, 2019	16,214,382	0.32
Granted	-	-
Exercised	(10,000)	0.21
Forfeited	(1,453,500)	0.37
Balance – June 30, 2020	14,750,882	0.32

During the six months ended June 30, 2020, no stock options were granted by the Company. During the six months ended June 30, 2020, the Company recorded share-based compensation of $465,658 (June 30, 2019 - $408,374) relating to options vested during the year.

During the year ended December 31, 2019, the Company granted a total of 7,720,000 stock options with a fair value of $1,724,580 (or $0.22 per option).

(Expressed in Canadian dollars)

10. SHARE CAPITAL AND RESERVES (continued)

c) Stock options (continued)

The Company used the following assumptions in calculating the fair value of stock options for the year ended December 31, 2019:

	December 31, 2019
Risk-free interest rate	1.59%
Expected life of options	5.0 years
Expected dividend yield	Nil
Volatility	95.8%

At June 30, 2020, the Company had incentive stock options outstanding as follows:

Expiry Date	Options Outstanding	Options Exercisable	Exercise Price	Weighted Average Remaining Life
			($)	(years)
July 13, 2021	5,202,382	5,202,382	0.27	1.03
March 17, 2022	374,000	322,625	0.44	1.71
May 18, 2022	158,000	121,792	0.49	1.88
September 14, 2022	1,186,500	805,987	0.35	2.21
June 6, 2023	225,000	98,438	0.46	2.93
September 4, 2023	205,000	80,078	0.25	3.18
October 18, 2023	50,000	18,750	0.22	3.20
April 2, 2024	1,750,000	283,333	0.21	3.76
June 27, 2024	100,000	50,000	0.21	3.99
September 27, 2024	5,300,000	1,104,167	0.38	4.25
October 22, 2024	200,000	25,000	0.33	4.31
	14,750,882	8,112,552	0.30	2.76

(Expressed in Canadian dollars)

10. SHARE CAPITAL AND RESERVES (continued)

d) Share purchase warrants

A continuity schedule of outstanding share purchase warrants is as follows:

	Number Outstanding	Weighted Average Exercise Price ($)
Balance – December 31, 2018	23,496,168	0.31
Exercised	(2,479,805)	0.17
Expired	(5,563,667)	0.20
Issued	37,589,807	0.32
Balance – December 31, 2019	53,042,503	0.33
Exercised	(5,223,333)	0.15
Expired	(2,059,430)	0.32
Issued	1,200,000	0.40
Balance – June 30, 2020	46,959,740	0.35

During the six month period ended June 30, 2020, the Company:

i) On February 13, 2020, the Company completed a unit private placement which included 1,200,000 share purchase warrants exercisable at $0.40 per share for a period of two years. The share purchase warrants were determined to have a fair value of $Nil using the residual value method.

During the year ended December 31, 2019, the Company:

i) On February 14, 2019, the Company completed a unit private placement which included 9,987,655 share purchase warrants exercisable at $0.30 per share for a period of two years. The share purchase warrants were determined to have a fair value of $199,753 using the residual value method.

ii) On February 14, 2019, the Company completed a unit private placement which included 699,135 broker warrants exercisable at $0.18 per share for a period of two years. The share purchase warrants were determined to have a fair value of $61,843 using the Black Scholes option pricing model.

iii) On July 26, 2019, the Company completed a unit private placement which included 17,517,500 share purchase warrants exercisable at $0.35 per share for a period of two years. The share purchase warrants were determined to have a fair value of $Nil using the residual method.

iv) On July 26, 2019, the Company issued 225,400 agent warrants exercisable to purchase additional shares at a price of $0.35 per share for a period of 24 months from closing. The agent warrants were determined to have a fair value of $20,985.

(Expressed in Canadian dollars)

10. SHARE CAPITAL AND RESERVES (continued)

d) Share purchase warrants (continued)

i) On August 9, 2019, the Company completed a unit private placement which included 4,545,454 share purchase warrants exercisable at $0.35 per share for a period of two years. The share purchase warrants were determined to have a fair value of $Nil using the residual method.

ii) The Company issued 4,614,663 warrants at a value of $159,778 for the acquisition of Newco shares (Note 6).

The Company used the following assumptions in calculating the fair value of the warrants for the period ended:

	December 31, 2019
Risk-free interest rate	1.77%
Expected life of options	2.0 years
Expected dividend yield	Nil
Volatility	107.14%
Weighted average fair value per warrant	$ 0.04

At June 30, 2020, the Company had share purchase warrants outstanding as follows:

Expiry Date	Warrants Outstanding	Exercise Price ($)	Weighted Average Remaining Life (years)
July 11, 2020	682,500	0.40	0.03
July 11, 2020	501,475	0.30	0.03
July 31, 2020	225,400	0.35	0.03
August 13, 2020	3,947,834	0.40	0.12
February 13, 2021	1,200,000	0.40	0.63
February 14, 2021	9,717,655	0.30	0.63
February 14, 2021	671,922	0.18	0.63
July 26, 2021	17,517,500	0.35	1.07
August 9, 2021	4,545,454	0.35	1.11
March 17, 2022	7,950,000	0.40	1.71
	46,959,740	0.34	0.76

(Expressed in Canadian dollars)

10. SHARE CAPITAL AND RESERVES (continued)

e) Performance warrants

On September 30, 2016, the Company issued 10,003,776 performance warrants with a fair value of $1,725,496. These performance warrants vested during the year ended December 31, 2019.

At June 30, 2020, the Company had performance warrants outstanding as follows:

Expiry Date	Performance Warrants Outstanding	Performance Warrants Exercisable	Exercise Price ($)	Remaining Life (years)
June 30, 2021	10,003,776	10,003,776	0.25	1.00

11. RELATED PARTY TRANSACTIONS

The following summarizes the Company's related party transactions, not disclosed elsewhere in these consolidated financial statements, during the six months ended June 30, 2020 and 2019. Key management personnel includes the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and certain directors and officers and companies controlled or significantly influenced by them.

Key Management Personnel	2020 ($)	2019 ($)
Short-term employee benefits paid or accrued to the CEO of the Company, including share-based compensation vested for incentive stock options and performance warrants.	238,553	235,624
Short-term employee benefits paid or accrued to the CFO of the Company, including share-based compensation vested for incentive stock options and performance warrants.	235,872	89,631
Short-term employee benefits paid or accrued to a member of the advisory board of the Company, including share-based compensation vested for incentive stock options and performance warrants.	35,191	188,416
Short-term employee benefits paid or accrued to the Vice President of Engineering of the Company, including share-based compensation vested for incentive stock options and performance warrants.	245,353	37,022
Short-term employee benefits paid or accrued to certain directors and officers of the company, including share-based compensation vested for incentive stock options and performance warrants.	194,296	28,562
Total	949,265	579,255

11. RELATED PARTY TRANSACTIONS (continued)

Other Related Party Payments

Office sharing and occupancy costs of $42,000 (June 30, 2019 - $46,200) were paid or accrued to a corporation that shares management in common with the Company.

Amounts Outstanding

a) At June 30, 2020, a total of $570,232 (December 31, 2019 - $492,181) was included in accounts payable and accrued liabilities owing to officers, directors, or companies controlled by them. These amounts are unsecured and non-interest bearing.

b) At June 30, 2020 a total of $5,735,820 (December 31, 2019 - $5,470,000) of long term notes was payable to a director and the CEO of the Company (Note 9).

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, receivables, restricted deposit, accounts payable and accrued liabilities and government loan notes payable.

The fair value of cash, receivables, accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments. The fair value of notes payable approximates its book value as it was discounted using a market rate of interest.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company manages its credit risk by ensuring that its cash is placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist of goods and services tax due from the government.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk

The Company's cash is invested in business accounts which are available on demand. The Company raised additional capital subsequent to June 30, 2020 (Note 17). The Company' cash position is not sufficient to meet all financial liabilities currently outstanding and expected to be incurred over the next twelve months. Accordingly, the Company is exposed to liquidity risk.

Interest rate risk

The Company's bank account earns interest income at variable rates and the notes payable bear interest at the prime lending rate. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. A 1% change in interest rates would have no significant impact on profit or loss for the six month period ended June 30, 2020.

Foreign exchange risk

Foreign currency exchange rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate because of changes in foreign exchange rates. The Company operates in Canada and the United States.

The Company was exposed to the following foreign currency risk as at June 30, 2020 and December 31, 2019:

	June 30, 2020	December 31, 2019
	(US$)	(US$)
Cash	152,094	72,097
Lease obligations	(688,921)	(768,563)
Deferred revenue	(603,405)	-
Accounts payable and accrued liabilities	(786,153)	(445,660)
	(1,926,385)	(1,142,126)

As at June 30, 2020, with other variables unchanged, a +/- 10% change in the United States dollar to Canadian dollar exchange rate would impact the Company's net loss by $193,000 (December 31, 2019 - $148,000).

13. MANAGEMENT OF CAPITAL

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. Capital consists of items within equity (deficiency). The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements.

The Company remains dependent on external financing to fund its activities. In order to sustain its operations, the Company will spend its existing cash on hand and raise additional amounts as needed until the business generates sufficient revenues to be self-sustaining. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In order to maximize ongoing corporate development efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in certificates of deposit with major financial institutions.

There have been no changes to the Company's approach to capital management during the six month period ended June 30, 2020

(Expressed in Canadian dollars)

14. GEOGRAPHICAL SEGMENTED INFORMATION

The Company is engaged in one business activity, being the development of a business-to-business software platform that allows video game publishers and developers to offer prize-based matches of their games to their players. Revenue earned during the six months ended June 30, 2020 is from a customer based in the United States.

Details of identifiable assets by geographic segments are as follows:

	Restricted deposits	Deposits	Property and equipment	Intangible assets
June 30, 2020				
Canada	$ 11,497	$ -	$ 81,967	$ -
USA	-	136,000	690,235	2,637,410
	$ 11,497	$ 136,000	$ 772,202	$ 2,637,410
December 31, 2019				
Canada	$ 11,500	$ -	$ 119,797	$ -
USA	-	129,897	829,201	2,780,347
	$ 11,500	$ 129,897	$ 948,998	$ 2,780,347

15. SUPPLEMENTAL CASH FLOW INFORMATION

	2020 ($)	2019 ($)
Non-cash investing and financing activities:		
Contribution benefit on low interest rate notes (Note 9)	69,668	182,299
Shares issued to acquire Newco shares (Note 6)	-	1,892,012
Interest paid during the period	-	56,144
Income taxes paid during the period	-	-

(Expressed in Canadian dollars)

16. LEASE OBLIGATIONS AND COMMITMENTS

Lease Liabilities

	$
Lease liabilities recognized as of January 1, 2020	1,122,400
Lease payments made	(205,280)
Interest expense on lease liabilities	44,151
Foreign exchange adjustment	68,932
	1,030,203
Less: current portion	(342,327)
At June 30, 2020	687,876

On August 1, 2015, the Company entered into a cost sharing arrangement agreement for the provision of office space and various administrative services. In May of 2018, the Company extended the cost sharing arrangement to June of 2021 at a monthly fee of $7,000 plus GST per month.

Year	Amount ($)
2020 (remaining)	42,000
2021	49,000

On September 6, 2017, the Company entered into a rental agreement for office space in Los Angeles, USA. Under the terms of the agreement the Company will pay monthly rent starting at US$17,324 per month commencing on October 1, 2017 until September 30, 2022.

Year	Amount (US$)
2020 (remaining)	121,444
2021	251,384
2022	260,185
2023	131,576

17. SUBSEQUENT EVENTS

i) On July 17, 2020, the Company issued, 2,760,500 units at a price of $0.25 per unit for total proceeds of $690,125.

ii) Subsequent to period end, the Company issued 7,121,325 options with an exercise price of $0.25 per share with expiry of five years.

iii) From July to November 20, 2020, the Company issued additional notes payables to a director for an accumulated amount of $831,487. The notes bear interest at the applicable prime rate and interest accrues quarterly.

vi) On November 17, 2020, the Company issued 10,000,000 units at a price of $0.25 per unit for total proceeds of $2,500,000. Each unit consisted of one common share and one share purchase warrant wherein each whole warrant entitles the holder to purchase one common share at a price of $0.40 until February 13, 2021.

v) On November 19, 2020, the Company issued 400,000 options with an exercise price of $0.375 per share.

Units

VERSUS SYSTEMS INC.

, 2020

Lake Street Capital Markets

Through and including , (25 days after the commencement of this offering), all dealers that effect transactions in our common shares, whether or not participating in this offering, may be required to deliver a prospectus. This delivery is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to their unsold allotments or subscriptions.

PART II—INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 6. Indemnification of directors and officers

Sections 159 to 164 of the BCBCA authorize companies to indemnify past and present directors, officers and certain other individuals for the liabilities incurred in connection with their services as such (including costs, expenses and settlement payments) unless such individual did not act honestly and in good faith with a view to the best interests of the company and, in the case of a criminal or administrative proceeding, if such individual did not have reasonable grounds for believing his or her conduct was lawful. In the case of a suit by or on behalf of the corporation, a court must approve the indemnification.

Our articles require us to indemnify directors and officers to the extent required by law.

We have entered into agreements with our directors and certain officers, or an Indemnitee, to indemnify the Indemnitee, to the fullest extent permitted by law and subject to certain limitations, against all liabilities, costs, charges and expenses reasonably incurred by an Indemnitee in an action or proceeding to which the Indemnitee was made a party by reason of the Indemnitee being an officer or director of (i) our company or (ii) an organization of which we are a shareholder or creditor if the Indemnitee serves such organization at our request.

We maintain insurance policies relating to certain liabilities that our directors and officers may incur in such capacity.

Item 7. Recent sales of unregistered securities

During the past three years, we have issued securities in the following transactions, each of which was exempt from the registration requirements of the Securities Act. Except for the shares of our common stock that were issued upon the exercise of our warrants, all of the below-referenced securities were issued pursuant to the exemption from registration under Section 4(a)(2) of the Securities Act and are deemed to be restricted securities for purposes of the Securities Act. There were no underwriters or placement agents employed in connection with any of these transactions. Use of the exemption provided in Section 4(a)(2) for transactions not involving a public offering is based on the following facts:

- Neither we nor any person acting on our behalf solicited any offer to buy or sell securities by any form of general solicitation or advertising.
- The recipients were either accredited or otherwise sophisticated individuals who had such knowledge and experience in business matters that they were capable of evaluating the merits and risks of the prospective investment in our securities.
- The recipients had access to business and financial information concerning our company.
- All securities issued were issued with a restrictive legend and may only be disposed of pursuant to an effective registration or exemption from registration in compliance with federal and state securities laws.

The common shares that were issued upon the exercise of our warrants were issued pursuant to the exemption from registration under Section 3(a)(9) of the Securities Act and are deemed to be restricted securities for purposes of the Securities Act.

Units and Common Shares Issuance

2020

During the year ending December 31, 2020, we:

i) Issued, 2,400,000 units at a price of $0.25 per unit for total proceeds of $600,000. Each unit consisted of one common share and a one half share purchase warrant for each share purchased. Each warrant entitles the holder to purchase one additional common share at a price of $0.40 until February 13, 2021.

ii) entered into a Mutual Investment Agreement with Animoca Brands Inc. in which we issued 3,036,739 common shares with a value of $698,446 in exchange for 4,327,431 shares of Animoca Brands common stock. On the same date, we issued an additional 1,293,426 common shares with a value of $349,225 to Animoca Brands in exchange for marketing services. We subsequently sold all of our shares of Animoca Brands and recognized a loss of $508,050.

iii) issued, 5,233,333 common shares pursuant to the exercise of warrants and stock options for total proceeds of $785,600.

iv) issued, 2,760,500 units at a price of $0.25 per unit for total proceeds of $690,125.

v) issued, 10,000,000 units at a price of $0.25 per unit for total proceeds of $2,500,000. Each unit consisted of one common share and one share purchase warrant wherein each whole warrant entitles the holder to purchase one common share at a price of $0.40 until November 17, 2023.

2019

During the year ended December 31, 2019, we:

i) issued, 9,987,655 units pursuant to a private placement at a price of $0.18 per unit for total proceeds of $1,797,778. Each unit consisted of one common share and one common share warrant for each share purchased. Each warrant entitles the holder to purchase one additional common share at a price of $0.30 until February 14, 2021.

ii) issued, 17,517,500 units pursuant to a private placement at a price of $0.20 per unit for total proceeds of $3,503,500. Each unit consisted of one common share and a one common share warrant for each share purchased. Each warrant entitles the holder to purchase one additional common share at a price of $0.35 until July 26, 2021.

iii) issued, 4,545,454 units at a price of $0.22 per unit for total proceeds of $1,000,000. Each unit consisted of one common share and one common share warrant for each share purchased. Each warrant entitles the holder to purchase one additional common share at a price of $0.35 until August 9, 2021.

iv) issued 9,229,326 common shares at a value of $1,892,012 on acquisition of Opal Energy (Holdco) Corp.

v) issued 2,529,805 common shares pursuant to the exercise of share purchase warrants and stock options for total proceeds of $425,417.

2018

During the year ended December 31, 2018, we:

i) issued, 12,259,667 units at a price of $0.30 per unit for total proceeds of $3,677,900. Each unit consisted of one common share and a one half common share warrant for each share purchased. Each whole warrant entitles the holder to purchase one additional common share at a price of $0.40 until April 12, 2020. A residual value of $78,957 was allocated to the warrants.

ii) issued 2,460,000 common shares pursuant to the exercise of share purchase warrants for total proceeds of $384,000.

2017

During the year ended December 31, 2017, we:

i) issued 2,848,000 common shares pursuant to the exercise of share purchase warrants for total proceeds of $876,700.

ii) issued 8,000,000 units at a price of $0.25 per unit for total proceeds of $2,000,000. Each unit consisted of one common share and a share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.40 until March 17, 2022.

iii) issued 501,660 common shares with a fair value of $235,780 to increase its ownership interest in Versus LLC.

Warrants Issuance

2020

During the year ending December 31, 2020, we issued certain number of warrants as listed below:

i) On February 13, 2020, we completed a unit private placement which included 1,200,000 share purchase warrants exercisable at $0.40 per share for a period of two years. The share purchase warrants were determined to have a fair value of $Nil using the residual value method.

ii) On November 17, 2020, we completed a unit private placement which included 10,000,000 share purchase warrants exercisable at $0.25 per share for a period of two years. The share purchase warrants were determined to have a fair value of $Nil using the residual value method.

2019

During the year ended December 31, 2019, we issued certain number of warrants as listed below:

i) On February 14, 2019, we completed a unit private placement which included 9,987,655 share purchase warrants exercisable at $0.30 per share for a period of two years. The share purchase warrants were determined to have a fair value of $199,753 using the residual value method.

ii) On February 14, 2019, we completed a unit private placement which included 699,135 broker warrants exercisable at $0.18 per share for a period of two years. The share purchase warrants were determined to have a fair value of $61,843 using the Black Scholes option pricing model.

iii) On July 26, 2019, we completed a unit private placement which included 17,517,500 share purchase warrants exercisable at $0.35 per share for a period of two years. The share purchase warrants were determined to have a fair value of $Nil using the residual method.

iv) On July 26, 2019, we issued 225,400 agent warrants exercisable to purchase additional shares at a price of $0.35 per share for a period of 24 months from closing. The agent warrants were determined to have a fair value of $20,985.

v) On August 9, 2019, we completed a unit private placement which included 4,545,454 share purchase warrants exercisable at $0.35 per share for a period of two years. The share purchase warrants were determined to have a fair value of $Nil using the residual method.

vi) During 2019, we issued 4,614,663 warrants at a value of $159,778 for the acquisition of the shares of Opal Energy (Holdco) Corp.

2018

During the year ended December 31, 2018, we issued certain number of warrants as listed below:

i) On March 29, 2018 and April 12, 2018, we completed a unit private placement which included 6,129,833 share purchase warrants exercisable at $0.40 per share for a period of two years. The share purchase warrants were determined to have a fair value of $140,531 using the residual value method.

ii) On March 29, 2018 and April 12, 2018, we completed a unit private placement which included 711,405 brokers' warrants exercisable at $0.30 per share for a period of two years. The broker warrants were determined to have a fair value of $116,226 using the Black Scholes option pricing model.

2017

On March 17, 2017, we completed a unit private placement which included 8,000,000 share purchase warrants exercisable at $0.40 per share for a period of five years. The share purchase warrants were determined to have a fair value of $Nil using the residual value method.

Notes Issuance

2020

During the period January 2020 through November 20, 2020, we issued unsecured notes payable for total proceeds of CDN$1,272,307 from our directors and officers who are also a shareholders. The loans bear interest at the prime rate which was 2.45% per annum at November 17, 2020, compounded annually and payable quarterly, and had a maturity date of three years from the date of issuance. As at September 30, 2020, we had recorded $424,270 in accrued interest which was included in accounts payable and accrued liabilities.

2019

During the year ended December 31, 2019, we issued unsecured notes payable for total proceeds of CDN$2,633,667 from director and officers of the Company who are also a shareholders. The loans bear interest at the prime rate which was 3.95% per annum at December 31, 2019, compounded annually and payable quarterly, and had a maturity date of three years from the date of issuance. As at December 31, 2019, the Company had recorded $249,496 in accrued interest which was included in accounts payable and accrued liabilities.

2018

During the year ended December 31, 2018, we issued unsecured notes payable for total proceeds of CDN$2,780,000 from one of our directors who is also a shareholder. The loans bear interest at prime rate compounded annually and payable quarterly, and have a maturity date of three years from the date of issuance.

During the year ended December 31, 2018, we issued unsecured notes payable for total proceeds of US$230,000 from a director and officer of our company who is also a shareholder. The loans bear interest at prime rate compounded annually and payable quarterly, and have a maturity date of three years from the date of issuance.

2017

During the year ended December 31, 2017, we issued unsecured notes payable for total proceeds of $900,000 from a director of our company who is also a shareholder. The loans bear interest at the prime rate which was 3.20% at December 31, 2017, payable quarterly, and had a maturity date of three years from the date of issuance. As at December 31, 2017, we had recorded $2,635 in accrued interest that was included in accounts payable and accrued liabilities.

Item 8. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this registration statement:

EXHIBIT INDEX

The following documents are filed as part of this registration statement:

1.1*	Form of Underwriting Agreement.
3.1**	Notice of Articles of Versus Systems Inc.
3.2**	Articles of Versus Systems Inc.
4.1*	Specimen Stock Certificate evidencing common shares.
4.2*	Form of Warrant Agency Agreement between Versus System Inc. and Computershare, including forms of Unit A Warrants and Unit B Warrants.
5.1*	Opinion of Fasken Martineau DuMoulin, LLP.
8.1*	Opinion of Pryor Cashman LLP.
10.1**	Form of Loan Agreement, including form of promissory note, between Versus Systems Inc. and Brian Tingle.
10.2**	Form of Loan Agreement, including form of promissory note, between Versus Systems Inc. and The Sandoval Pierce Family Trust Established May 20, 2015.
10.3**	Employment Agreement dated as of June 30, 2016 among Versus Systems Inc. (formerly Opal Energy Corp.), Matthew D. Pierce and Versus LLC.
10.4**	Employment Agreement dated as of May 1, 2019 among Versus Systems Inc., Craig C. Finster and Versus LLC.
10.5**	Employment Agreement dated as of May 1, 2020 among Versus Systems Inc., Keyvan Peymani and Versus LLC.
10.6**	Form of Warrant of Versus Systems Inc.
10.7**	Versus Systems Inc. 2017 Stock Option Plan.
10.8**	Acquisition Agreement dated as of March 16, 2016 among Versus Systems Inc. (formerly Opal Energy Corp.), Versus Systems (Holdco) Corp. (formerly Opal Energy (Holdco) Corp.), Versus LLC and the selling members of Versus LLC
10.9#**	Software License, Marketing and Linking Agreement dated as of March 6, 2019 between HP Inc. and Versus LLC.
14.1*	Code of Conduct and Ethics.*
21.1**	List of Subsidiaries of Versus Systems Inc.
23.1**	Consent of Davidson & Company LLP as an Independent Registered Public Accounting Firm.
23.2*	Consent of Fasken Martineau DuMoulin, LLP (included in Exhibit 5.1).
23.3*	Consent of Pryor Cashman LLP (included in Exhibit 8.1)
24.1	Power of Attorney (included on signature page).
99.1*	Charter of the Audit Committee.
99.2*	Charter of the Compensation Committee.
99.3*	Charter of the Nominating Committee.

* Indicates to be filed by amendment.
** Filed herewith.
Portions of this exhibit have been redacted in compliance with Item 601(b)(10) of Regulation S-K. Schedules, exhibits and similar supporting attachments to this exhibit are omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish a supplemental copy of any omitted schedule or similar attachment to the Securities and Exchange Commission upon request.

Item 9. Undertakings

The undersigned hereby undertakes:

To provide to the underwriters at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the U.S. Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in [ ], British Columbia on November 20, 2020.

VERSUS SYSTEMS INC.

By: /s/ Matthew Pierce
Name: Matthew Pierce
Title: Chief Executive Officer
(Principal Executive Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Matthew Pierce as his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead in any and all capacities, in connection with this registration statement, including to sign in the name and on behalf of the undersigned, this registration statement and any and all amendments thereto, including post-effective amendments and registrations filed pursuant to Rule 462 under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto such attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons on November __, 2020 in the capacities indicated:

Name	Title	Date
/s/ Matthew Pierce Matthew Pierce	Director and Chief Executive Officer (principal executive officer)	November 20, 2020
/s/ Craig Finster Craig Finster	President and Chief Financial Officer (principal financial officer and principal accounting officer)	November 20, 2020
/s/ Keyvan Peymani Keyvan Peymani	Director	November 20, 2020
/s/ Brian Tingle Brian Tingle	Director	November 20, 2020
/s/ Michelle Gahagan Michelle Gahagan	Director	November 20, 2020
/s/ Paul Vlasic Paul Vlasic	Director	November 20, 2020

Signature of Authorized U.S. Representative of Registrant

Pursuant to the requirements of the Securities Act of 1933, as amended, the undersigned, the duly authorized representative in the United States of Versus Systems Inc. has signed this registration statement on November 20, 2020.

By: /s/ Matthew Pierce
Name: Matthew Pierce
Title: Chief Executive Officer

BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

CERTIFIED COPY
Of a Document filed with the Province of
British Columbia Registrar of Companies

CAROL PREST

Notice of Articles

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: September 11, 2020 12:01 AM Pacific Time

Incorporation Number: **C0778813**

Recognition Date and Time: Continued into British Columbia on January 2, 2007 03:00 PM Pacific Time

NOTICE OF ARTICLES

Name of Company:

VERSUS SYSTEMS INC.

REGISTERED OFFICE INFORMATION

Mailing Address:
1558 WEST HASTINGS STREET
KCHIN@INTREPIDFINANCIAL.CA
VANCOUVER BC V6G 3J4
CANADA

Delivery Address:
1558 WEST HASTINGS STREET
KCHIN@INTREPIDFINANCIAL.CA
VANCOUVER BC V6G 3J4
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
1558 WEST HASTINGS STREET
KCHIN@INTREPIDFINANCIAL.CA
VANCOUVER BC V6G 3J4
CANADA

Delivery Address:
1558 WEST HASTINGS STREET
KCHIN@INTREPIDFINANCIAL.CA
VANCOUVER BC V6G 3J4
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
PIERCE, MATTHEW

Mailing Address:
3631 VIRGINIA ROAD
LOS ANGELES CA 90016
UNITED STATES

Delivery Address:
3631 VIRGINIA ROAD
LOS ANGELES CA 90016
UNITED STATES

Last Name, First Name, Middle Name:
TINGLE, BRIAN

Mailing Address:
317 - 1922 WEST 7TH
VANCOUVER BC V6J 1T1
CANADA

Delivery Address:
317 - 1922 WEST 7TH
VANCOUVER BC V6J 1T1
CANADA

Last Name, First Name, Middle Name:
VLASIC, PAUL

Mailing Address:
1535 ISLAND LANE
BLOOMFIELD MI 48302
UNITED STATES

Delivery Address:
1535 ISLAND LANE
BLOOMFIELD MI 48302
UNITED STATES

Last Name, First Name, Middle Name:
GAHAGAN, MICHELLE

Mailing Address:
4708 DUNBAR STREET
VANCOUVER BC V6S 2H1
CANADA

Delivery Address:
4708 DUNBAR STREET
VANCOUVER BC V6S 2H1
CANADA

Last Name, First Name, Middle Name:
Peymani, Keyvan

Mailing Address:
26952 GARRET DRIVE
CALABASAS CA 91301
UNITED STATES

Delivery Address:
26952 GARRET DRIVE
CALABASAS CA 91301
UNITED STATES

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	COMMON Shares	Without Par Value Without Special Rights or Restrictions attached
2.	No Maximum	CLASS A Shares	Without Par Value Without Special Rights or Restrictions attached

Exhibit 3.2

ARTICLES

VERSUS SYSTEMS.
(the "Company")

The Company has as its articles the following articles.

Incorporation Number: C0778813

1. Interpretation

1.1 Definitions

In these Articles, unless the context otherwise requires:

(1) "board of directors", "directors" and "board" mean the directors or sole director of the Company for the time being;

(2) "*Business Corporations Act*" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

(3) "legal personal representative" means the personal or other legal representative of the shareholder;

(4) "registered address" of a shareholder means the shareholder's address as recorded in the central securities register;

(5) "seal" means the seal of the Company, if any.

1.2 *Business Corporations Act* and *Interpretation Act* Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

2. Shares and Share Certificates

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

2.3 Shareholder Entitled to Certificate or Acknowledgment

Each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

(1) order the share certificate or acknowledgment, as the case may be, to be cancelled; and

(2) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

(1) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and

(2) any indemnity the directors consider adequate.

2.7 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.8 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

2.9 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

3. Issue of Shares

3.1 Directors Authorized

Subject to the *Business Corporations Act* and the rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

3.2 Commissions and Discounts

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

(1) consideration is provided to the Company for the issue of the share by one or more of the following:

(a) past services performed for the Company;

(b) property;

(c) money; and

(2) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

4. Share Registers

4.1 Central Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

5. Share Transfers

5.1 Registering Transfers

A transfer of a share of the Company must not be registered unless:

(1) a duly signed instrument of transfer in respect of the share has been received by the Company;

(2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and

(3) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

5.2 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

5.3 Transferor Remains Shareholder

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

(1) in the name of the person named as transferee in that instrument of transfer; or

(2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.5 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.6 Transfer Fee

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

6. Transmission of Shares

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

7. Purchase of Shares

7.1 Company Authorized to Purchase Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the*Business Corporations Act*, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

7.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

(1) the Company is insolvent; or

(2) making the payment or providing the consideration would render the Company insolvent.

7.3 Sale and Voting of Purchased Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

(1) is not entitled to vote the share at a meeting of its shareholders;

(2) must not pay a dividend in respect of the share; and

(3) must not make any other distribution in respect of the share.

8. Borrowing Powers

The Company, if authorized by the directors, may:

(1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;

(2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;

(3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

(4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

9. Alterations

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the *Business Corporations Act*, the Company may by directors' resolution:

(1) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

(2) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

(3) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;

(4) if the Company is authorized to issue shares of a class of shares with par value:

(a) decrease the par value of those shares; or

(b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

(5) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;

(6) alter the identifying name of any of its shares; or

(7) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act;*

and, if applicable, alter its Notice of Articles and, if applicable, its Articles, accordingly.

9.2 Special Rights and Restrictions

Subject to the *Business Corporations Act*, the Company may by special resolution:

(1) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or

(2) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

9.3 Change of Name

The Company may by directors' resolution authorize an alteration of its Notice of Articles in order to change its name.

9.4 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by special resolution alter these Articles.

10. Meetings of Shareholders

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Meetings of Shareholders

The directors may, whenever they think fit, call a meeting of shareholders.

10.4 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

(1) if and for so long as the Company is a public company, 21 days;

(2) otherwise, 10 days.

10.5 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

(1) if and for so long as the Company is a public company, 21 days;

(2) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.6 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.7 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

10.8 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

(1) state the general nature of the special business; and

(2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:

(a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and

(b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

11. Proceedings at Meetings of Shareholders

11.1 Special Business

At a meeting of shareholders, the following business is special business:

(1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;

(2) at an annual general meeting, all business is special business except for the following:

(a) business relating to the conduct of or voting at the meeting;

(b) consideration of any financial statements of the Company presented to the meeting;

(c) consideration of any reports of the directors or auditor;

(d) the setting or changing of the number of directors;

(e) the election or appointment of directors;

(f) the appointment of an auditor;

(g) the setting of the remuneration of an auditor;

(h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;

(i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two thirds of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights and restrictions attached to the shares or any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two shareholders, or one or more proxyholder(s) representing two shareholders, or one member and a proxyholder representing another shareholder. If there is only one shareholder, the quorum is one person present and being, or representing by proxy, such shareholder. The Directors, the Secretary or, in his absence, an Assistant Secretary, and the solicitor of the Company shall be entitled to attend at any general meeting unless he shall be a shareholder or proxyholder entitled to vote thereat.

11.4 One Shareholder May Constitute Quorum

If there is only one shareholder entitled to vote at a meeting of shareholders:

(1) the quorum is one person who is, or who represents by proxy, that shareholder, and

(2) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Other Persons May Attend

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any persons invited by the directors are entitled to attend any meeting of the shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.6 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.7 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

(1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and

(2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.8 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.7(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.9 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

(1) the chair of the board, if any; or

(2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

11.10 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.11 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.12 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.13 Decisions by Show of Hands or Poll

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

11.14 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.15 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.16 Casting Vote

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.17 Manner of Taking Poll

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

(1) the poll must be taken:

(a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and

(b) in the manner, at the time and at the place that the chair of the meeting directs;

(2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and

(3) the demand for the poll may be withdrawn by the person who demanded it.

11.18 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.19 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.20 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.21 Demand for Poll

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.22 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.23 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

12. Votes of Shareholders

12.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

(1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and

(2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

(1) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or

(2) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

12.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

(1) for that purpose, the instrument appointing a representative must:

(a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

(b) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;

(2) if a representative is appointed under this Article 12.5:

(a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

(b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.6 Proxy Provisions Do Not Apply to All Companies

Articles 12.7 to 12.15 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.9 When Proxy Holder Need Not Be Shareholder

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

(1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;

(2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or

(3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

(1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

(2) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

(1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(2) by the chair of the meeting, before the vote is taken.

12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the undersigned):

Signed *[month, day, year]*

[Signature of shareholder]

[Name of shareholder—printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

(1) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(2) provided, at the meeting, to the chair of the meeting.

12.14 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

(1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;

(2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

13. Directors

13.1 First Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act.* The number of directors, excluding additional directors appointed under Article 14.8, is set at:

(1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;

(2) if the Company is a public company, the greater of three and the most recently set of:

(a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

(b) the number of directors set under Article 14.4;

(3) if the Company is not a public company, the most recently set of:

(a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and

(b) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

(1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;

(2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

14. Election and Removal of Directors

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

(1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and

(2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

(1) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;

(2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

(3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

14.3 Failure to Elect or Appoint Directors

If:

(1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or

(2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

(3) the date on which his or her successor is elected or appointed; and

(4) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

(1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or

(2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

(1) the term of office of the director expires;

(2) the director dies;

(3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or

(4) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

14.12 Nomination of Directors

(1) Subject only to the *Business Corporations Act*, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders (but only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting):

(a) by or at the direction of the board or an authorized officer of the Company, including pursuant to a notice of meeting;

(b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the *Business Corporations Act* or a requisition of the shareholders made in accordance with the provisions of the *Business Corporations Act*; or

(c) by any person (a "Nominating Shareholder"): (a) who, at the close of business on the date of the giving of the notice provided for below in this Article 14.12 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (b) who complies with the notice procedures set forth below in this Article 14.12.

(2) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, such person must have given timely notice thereof in proper written form to the Corporate Secretary of the Company at the principal executive offices of the Company in accordance with this Article 14.12.

(3) To be timely under Article 14.12 (2), a Nominating Shareholder's notice to the Corporate Secretary of the Company must be made:

(a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 40 days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and

(b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

(4) To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Company, under Article 14.12 (2) must set forth:

(a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (a) the name, age, business address and residence address of the person, (b) the principal occupation or employment of the person, (c) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the Meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (d) a statement as to whether such person would be "independent" of the Company (within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators, as such provisions may be amended from time to time) if elected as a director at such meeting and the reasons and basis for such determination, and (e) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below); and

(b) as to the Nominating Shareholder giving the notice: (a) any information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws, and (b) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the Meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice.

(c) The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

(5) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 14.12; provided, however, that nothing in this Article 14.12 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the *Business Corporations Act.* The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

(6) For purposes of this Article 14.12:

(a) "**Affiliate**", when used to indicate a relationship with a person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person;

(b) "**Applicable Securities Laws**" means the *Securities Act* (British Columbia) and the equivalent legislation in the other provinces and in the territories of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each of the applicable provinces and territories of Canada;

(c) "**Associate**", when used to indicate a relationship with a specified person, shall mean: (a) any corporation or trust of which such person owns beneficially, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of such corporation or trust for the time being outstanding, (b) any partner of that person, (c) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity, (d) a spouse of such specified person, (e) any person of either sex with whom such specified person is living in conjugal relationship outside marriage or (f) any relative of such specified person or of a person mentioned in clauses (d) or (e) of this definition if that relative has the same residence as the specified person;

(d) "**Derivatives Contract**" shall mean a contract between two parties (the "Receiving Party" and the "Counterparty") that is designed to expose the Receiving Party to economic benefits and risks that correspond substantially to the ownership by the Receiving Party of a number of shares in the capital of the Company or securities convertible into such shares specified or referenced in such contract (the number corresponding to such economic benefits and risks, the "Notional Securities"), regardless of whether obligations under such contract are required or permitted to be settled through the delivery of cash, shares in the capital of the Company or securities convertible into such shares or other property, without regard to any short position under the same or any other Derivatives Contract. For the avoidance of doubt, interests in broad-based index options, broad-based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate governmental authority shall not be deemed to be Derivatives Contracts;

(e) "**meeting of shareholders**" shall mean such annual shareholders meeting or special shareholders meeting, whether general or not, at which one or more persons are nominated for election to the board by a Nominating Shareholder;

(f) "**owned beneficially**" or "**owns beneficially**" means, in connection with the ownership of shares in the capital of the Company by a person, (a) any such shares as to which such person or any of such person's Affiliates or Associates owns at law or in equity, or has the right to acquire or become the owner at law or in equity, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion right, exchange right or purchase right attaching to any securities, or pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (b) any such shares as to which such person or any of such person's Affiliates or Associates has the right to vote, or the right to direct the voting, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (c) any such shares which are beneficially owned, directly or indirectly, by a Counterparty (or any of such Counterparty's Affiliates or Associates) under any Derivatives Contract (without regard to any short or similar position under the same or any other Derivatives Contract) to which such person or any of such person's Affiliates or Associates is a Receiving Party; provided, however that the number of shares that a person owns beneficially pursuant to this clause (c) in connection with a particular Derivatives Contract shall not exceed the number of Notional Securities with respect to such Derivatives Contract; provided, further, that the number of securities owned beneficially by each Counterparty (including their respective Affiliates and Associates) under a Derivatives Contract shall for purposes of this clause be deemed to include all securities that are owned beneficially, directly or indirectly, by any other Counterparty (or any of such other Counterparty's Affiliates or Associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty's Affiliates or Associates) is a Receiving Party and this proviso shall be applied to successive Counterparties as appropriate; and (d) any such shares which are owned beneficially within the meaning of this definition by any other person with whom such person is acting jointly or in concert with respect to the Company or any of its securities; and

(g) "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company or its agents under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.

(7) Notwithstanding any other provision to this Article 14.12, notice or any delivery given to the Corporate Secretary of the Company pursuant to this Article 14.12 may only be given by personal delivery, facsimile transmission or by email (provided that the Corporate Secretary of the Company has stipulated an email address for purposes of this notice, at such email address as stipulated from time to time), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

(8) In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described in this Article 14.12.

(9) Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Article.

15. Alternate Directors

15.1 Appointment of Alternate Director

Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee") who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

15.2 Notice of Meetings

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which is or her appointor is a member and to attend and vote as a director at any such meetings at which he or her appointor is not present

15.3 Alternate for More Than One Director Attending Meetings

A person may be appointed as an alternate director by more than one director, and an alternate director:

(1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;

(2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;

(3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;

(4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

15.4 Consent Resolutions

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

15.5 Alternate Director Not an Agent

Every alternate director is deemed not to be the agent of his or her appointor.

15.6 Revocation of Appointment of Alternate Director

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

(1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;

(2) the alternate director dies;

(3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;

(4) the alternate director ceases to be qualified to act as a director; or

(5) his or her appointor revokes the appointment of the alternate director.

15.8 Remuneration and Expenses of Alternate Director

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

16. Powers and Duties of Directors

16.1 Powers of Management

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

16.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

17. Disclosure of Interest of Directors

17.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act.*

17.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

17.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

17.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

17.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

17.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

17.7 Professional Services by Director or Officer

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

17.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

18. Proceedings of Directors

18.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

18.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

18.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

(1) the chair of the board, if any;

(2) in the absence of the chair of the board, the president, if any, if the president is a director; or

(3) any other director chosen by the directors if:

(a) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;

(b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or

(c) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

18.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

18.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

18.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

18.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

(1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or

(2) the director or alternate director, as the case may be, has waived notice of the meeting.

18.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

18.9 Waiver of Notice of Meetings

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

18.10 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at a majority of the directors in office or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

18.11 Validity of Acts Where Appointment Defective

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

18.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors consented to in writing by all of the directors entitled to vote on it, whether by signed document, fax, email or any other method of transmitting legibly recorded messages, is as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors duly called and held.

Such resolution may be two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

19. Executive and Other Committees

19.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

(1) the power to fill vacancies in the board of directors;

(2) the power to remove a director;

(3) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

19.2 Appointment and Powers of Other Committees

The directors may, by resolution:

(1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;

(2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:

(a) the power to fill vacancies in the board of directors;

(b) the power to remove a director;

(c) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(d) the power to appoint or remove officers appointed by the directors; and

(3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

19.3 Obligations of Committees

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

(1) conform to any rules that may from time to time be imposed on it by the directors; and

(2) report every act or thing done in exercise of those powers at such times as the directors may require.

19.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

(1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;

(2) terminate the appointment of, or change the membership of, the committee; and

(3) fill vacancies in the committee.

19.5 Committee Meetings

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

(1) the committee may meet and adjourn as it thinks proper;

(2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;

(3) a majority of the members of the committee constitutes a quorum of the committee; and

(4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

20. Officers

20.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

20.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

(1) determine the functions and duties of the officer;

(2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and

(3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as a managing director must be a director. Any other officer need not be a director.

20.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors thinks fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

21. Indemnification

21.1 Definitions

In this Article 21:

(1) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

(2) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an "eligible party") or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:

(a) is or may be joined as a party; or

(b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

(3) "expenses" has the meaning set out in the *Business Corporations Act*.

21.2 Mandatory Indemnification of Directors and Former Directors

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

21.3 Indemnification of Other Persons

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

21.4 Non-Compliance with *Business Corporations Act*

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

21.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

(1) is or was a director, alternate director, officer, employee or agent of the Company;

(2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;

(3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;

(4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

22. Dividends

22.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

22.2 Declaration of Dividends

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

22.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 22.2.

22.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

22.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

22.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

(1) set the value for distribution of specific assets;

(2) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and

(3) vest any such specific assets in trustees for the persons entitled to the dividend.

22.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

22.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

22.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

22.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

22.12 Payment of Dividends

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

22.13 Capitalization of Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

23. Documents, Records and Reports

23.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

23.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

24. Notices

24.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

(1) mail addressed to the person at the applicable address for that person as follows:

(a) for a record mailed to a shareholder, the shareholder's registered address;

(b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;

(c) in any other case, the mailing address of the intended recipient;

(2) delivery at the applicable address for that person as follows, addressed to the person:

(a) for a record delivered to a shareholder, the shareholder's registered address;

(b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;

(c) in any other case, the delivery address of the intended recipient;

(3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;

(4) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;

(5) physical delivery to the intended recipient.

24.2 Deemed Receipt of Mailing

A notice that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

24.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 24.1, prepaid and mailed or otherwise sent as permitted by Article 24.1 is conclusive evidence of that fact.

24.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

24.5 Notice to Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

(1) mailing the record, addressed to them:

(a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and

(b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or

(2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

25. Seal

25.1 Who May Attest Seal

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

(1) any two directors;

(2) any officer, together with any director;

(3) if the Company only has one director, that director; or

(4) any one or more directors or officers or persons as may be determined by the directors.

25.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer.

25.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any other senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

26. Prohibitions

26.1 Definitions

In this Article 26:

(1) "designated security" means:

(a) a voting security of the Company;

(b) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or

(c) a security of the Company convertible, directly or indirectly, into a security described in paragraph (a) or (b);

(2) "security" has the meaning assigned in the *Securities Act* (British Columbia);

(3) "voting security" means a security of the Company that:

(a) is not a debt security, and

(b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

26.2 Application

Article 26.3 does not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

26.3 Consent Required for Transfer of Shares or Designated Securities

No share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

Exhibit 10.1

LOAN AGREEMENT

THIS AGREEMENT is dated as of the [__] day of [_____], 20[__].

BETWEEN:

VERSUS SYSTEMS INC.,
of 302 – 1620 West 8th Avenue, Vancouver, B.C., V6J 1V4

(hereinafter called the "Borrower")

OF THE FIRST PART

AND:

BRIAN TINGLE
of 302 – 1620 West 8th Avenue, Vancouver, B.C., V6J 1V4

(hereinafter called the "Lender")

OF THE SECOND PART

WHEREAS:

A. The Lender has agreed to advance the Borrower **CDN$[_____]** under the terms of this Agreement.

B. The Borrower will employ the Loan for general administration expenses.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the sum of CDN$1.00 paid by each party to the other (the receipt of which is hereby acknowledged) the parties mutually covenant and agree as follows:

1. INTERPRETATION

1.1 Definitions. Where used herein or in any amendment hereto each of the following words and phrases shall have the meanings set forth as follows:

(a) "Agreement" means this Loan Agreement including the Schedule "A" Promissory Note;

(b) "Change of Control" means any transaction or series of transactions which results in a change of legal or beneficial ownership of a sufficient number of the Borrower's voting shares to materially affect voting control of the Borrower and in the absence of evidence to the contrary a change of legal or beneficial ownership of more than 20% of the Borrower's voting shares is deemed to materially affect control of the Borrower.

(c) "Closing Date" means [__] day of [_____], 20[__];

(d) "Event of Default" means any event set forth in paragraph 6.1;

(e) "Loan" means the loan of **CDN$[_____]** made by the Lender to the Borrower in accordance with this Agreement;

(f) "Maturity Date" means [_____], 20[__];

(g) "Mortgaged Property" means all of the properties, assets and undertaking of the Borrower, for the time being, present and future, real and personal, legal or equitable, tangible or intangible, and of whatsoever nature and kind and wheresoever situate;

(h) "Principal Sum" means the sum of **CDN$[_____]**; and

(i) "Promissory Note" means the form of promissory note granted by the Borrower to the Lender attached as Schedule "A".

1.2 Number and Gender. Wherever the singular or the masculine are used herein the same shall be deemed to include the plural or the feminine or the body politic or corporate where the context or the parties so require.

1.3 Headings. The headings to the articles, paragraphs, subparagraphs or clauses of this Agreement are inserted for convenience only and shall not affect the construction.

1.4 References. Unless otherwise stated, a reference to a numbered or lettered article, paragraph, subparagraph or clause refers to the article, paragraph, subparagraph or clause bearing that number or letter in this Agreement. A reference to this Agreement means this Loan Agreement, including the Schedules, together with any amendments.

1.5 Currency. All dollar amounts expressed refer to lawful currency of Canada.

2. TERMS OF LOAN

2.1 Loan and Repayment. The Lender hereby agrees to lend the Borrower the Principal Sum. The Loan shall be repaid by the Borrower on the earlier of the Maturity Date or a Change of Control.

2.2 Interest. The Borrower shall before and after the Maturity Date, pay on the amount of the Principal Sum remaining unpaid from time to time interest at the prime rate per annum, payable quarterly.

2.3 Pre-Payment. The Borrower may pre-pay all or any portion of the Loan at any time prior to the Maturity Date without notice, bonus or penalty.

3. SECURITY

3.1 Security. To secure the repayment of the Loan and the payment of all other monies due hereunder, the Borrower agrees to grant the Lender the Promissory Note.

3.2 Extensions. The Lender may grant extensions, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Borrower and with other parties, sureties or securities as the Lender may see fit without prejudice to the liability of the Borrower or to the Lender's rights under this Agreement.

3.3 No Merger. The grant of the Promissory Note or of any other security in replacement thereof shall not operate so as to create any merger or discharge of any indebtedness or liability of the Borrower hereunder, nor of any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security of any form held or which may hereafter be held by the Lender from the Borrower or from any other person whomsoever.

3.4 Waiver. The Lender may waive any breach by the Borrower of this Agreement or of any default by the Borrower in the observance or performance of any covenant or condition required to be observed or performed by the Borrower hereunder or under the Promissory Note. No failure or delay on the part of the Lender to exercise any right, power or remedy given herein or by statute or at law or in equity or otherwise shall operate as a waiver thereof, nor shall any single or partial exercise of any right preclude any other exercise thereof or the exercise of any other right, power or remedy, nor shall any waiver by the Lender be deemed to be a waiver of any subsequent similar or other event.

4. REPRESENTATIONS AND WARRANTIES

4.1 Representations. The Borrower represents and warrants to the Lender, and acknowledges that the Lender is relying upon such representations and warranties in entering into this Agreement, as follows:

(a) this Agreement has been duly authorized by all required action on the part of the Borrower;

(b) the Borrower has the capacity to enter into this Agreement, and the execution of this Agreement and the completion of the transactions contemplated hereby shall not be in violation of any agreement to which the Borrower is a party; and

(c) the Promissory Note has been duly executed by the Borrower and is enforceable against the Borrower in accordance with its terms.

4.2 Survival. All representations and warranties made hereunder shall survive the delivery of the Promissory Note to the Lender and shall continue in full force and effect for the benefit of the Lender.

5. CLOSING ARRANGEMENTS

5.1 Conditions Precedent. The Lender's obligation to advance the Principal Sum to the Borrower shall be subject to the satisfaction of the following conditions:

(a) the representations and warranties of the Borrower shall be true as of the date hereof and as of the Closing Date;

(b) the Borrower shall have complied with all of its obligations hereunder; and

The foregoing conditions precedent are inserted for the benefit of the Lender and may be waived in whole or in part by the Lender at any time prior to closing by delivering to the Borrower written notice to that effect.

5.2 Time of Closing. The closing of the Loan shall take place at 9:00 a.m. Vancouver time on the Closing Date.

5.3 Deliveries by the Lender. On the Closing Date the Lender shall deliver or cause to be delivered to the Borrower a certified cheque, bank draft or solicitors' trust check for the Principal Sum.

5.4 Deliveries by the Borrower. On the Closing Date the Borrower shall deliver to the Lender the Promissory Note.

6. EVENTS OF DEFAULT AND REMEDIES

6.1 Events of Default. Any one or more of the following events, whether or not any such event shall be voluntary or involuntary or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body, shall constitute an Event of Default:

(a) if the Borrower defaults in the payment of any monies due hereunder as and when the same is due;

(b) if the Borrower defaults in the observance or performance of any other provision hereof;

(c) if an order is made or a resolution is passed or a petition is filed for the liquidation or winding-up of the Borrower;

(d) if the Borrower commits an act of bankruptcy or makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency;

(e) if execution, sequestration, extent or other process of any court becomes enforceable against the Borrower or a distress or analogous process is levied upon the Mortgaged Property or any part thereof unless the process is in good faith disputed by the Borrower and the Borrower gives security to pay the full amount claimed to the satisfaction of the Lender;

(f) if the Borrower permits any sum which is not disputed to be due by the Borrower and which forms or is capable of forming a charge upon any of the Mortgaged Property in priority to the Promissory Note to remain unpaid after proceedings have been taken to enforce the same;

(g) if the Borrower ceases or demonstrates an intention to cease to carry on its business;

(h) if a receiver or receiver-manager or receiver and manager is appointed for any of the Mortgaged Property;

(i) if the Borrower makes default in the due payment, performance or observance, in whole or in part, of any debt, liability or obligation of the Borrower to the Lender, whether secured hereby or otherwise; or

(j) if the Borrower makes default in the due payment, performance or observance, in whole or in part, of any charge or encumbrance upon the Mortgaged Property which ranks or may rank in priority to or pari passu with the mortgages and charges created hereunder.

6.2 Remedies Upon Default. Upon the occurrence of any Event of Default and at any time thereafter, provided that the Borrower has not by then remedied such Event of Default, the Lender may, in its discretion, by notice to the Borrower, declare this Agreement to be in default. At any time thereafter, while the Borrower shall not have remedied such Event of Default, the Lender, in its discretion, may:

(a) declare the Loan and other monies owing by the Borrower to the Lender to be immediately due and payable;

(b) demand payment from the Borrower and exercise any or all of its remedies under the Promissory Note.

6.3 Other Security. The rights and powers conferred by subparagraph 6.2 are in addition to and not in substitution for the Promissory Note or any other security which the Lender now or from time to time may hold or take from the Borrower in relation to this Agreement.

6.4 Remedies Non-Exclusive. No remedy conferred on the Lender hereby or in the Promissory Note is intended to be exclusive. Each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Promissory Note or now or hereafter existing at law or in equity or by statute or otherwise. The exercise or commencement of exercise by the Lender of any one or more of such remedies shall not preclude the simultaneous or later exercise by the Lender of any or all other such remedies.

6.5 Inconsistency. In the event of any inconsistency between the terms and provisions of this Agreement and the terms and provisions of the Promissory Note, the terms and provisions of this Agreement shall prevail.

7. MISCELLANEOUS

7.1 Notices. Any notice required or permitted to be given under this Agreement shall be in writing and may be given by delivering same or mailing same by registered mail or sending same by telegram, telex, telecopier or other similar form of communication to the following addresses:

The Borrower:	Versus Systems Inc. Suite 302, 1620 West 8th Avenue Vancouver, B.C., V6J 1V4 Facsimile No. (604) 639-4458
The Lender:	Brian Tingle Suite 302, 1620 West 8th Avenue Vancouver, B.C., V6J 1V4

Any notice so given shall:

(a) if delivered, be deemed to have been given at the time of delivery;

(b) if mailed by registered mail, be deemed to have been given on the fourth business day after and excluding the day on which it was so mailed, but should there be, at the time of mailing or between the time of mailing and the deemed receipt of the notice, a mail strike, slowdown or other labour dispute which might affect the delivery of such notice by the mails, then such notice shall be only effective if actually delivered; and

(c) if sent by telegraph, telex, telecopier or other similar form of communication, be deemed to have been given or made on the first business day following the day on which it was sent.

Any party may give written notice of a change of address in the aforesaid manner, in which event such notice shall be given to such party as above provided at such changed address.

7.2 Amendments. Neither this Agreement nor any provision hereof may be amended, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the amendment, waiver, discharge or termination is sought.

7.3 Entire Agreement. This Agreement embodies the entire agreement and understanding between the parties hereto and supersedes all prior agreements and undertakings, whether oral or written, pertaining to the subject matter hereof.

7.4 Action on Business Day. If the date upon which any act or payment hereunder is required to be done or made falls on a day which is not a business day, then such act or payment shall be performed or made on the first business day next following.

7.5 No Merger of Judgment. The taking of a judgment on any covenant contained herein or on any covenant set forth in any other security for payment of any indebtedness hereunder or performance of the obligations hereby secured shall not operate as a merger of any such covenant or affect the Lender's right to interest at the rate and times provided in this Agreement on any money owing to the Lender under any covenant herein or therein set forth and such judgment shall provide that interest thereon shall be calculated at the same rate and in the same manner as herein provided until such judgment is fully paid and satisfied.

7.6 Severability. If any one or more of the provisions of this Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality or enforceability of such provision shall not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

7.7 Successors and Assigns. This Agreement shall enure to the benefit of and be binding upon all parties hereto and their respective heirs, personal representatives, successors and assigns, as the case may be.

7.8 Governing Law. This Agreement shall be governed by and be construed in accordance with the laws of the Province of British Columbia and the parties hereto agree to submit to the jurisdiction of the courts of the Province of British Columbia with respect to any legal proceedings arising herefrom.

7.9 Time. Time is of the essence of this Agreement.

7.10 Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and do not define, limit, enlarge or alter the meanings of any paragraph or clause herein.

7.11 Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same Agreement. This Agreement may be delivered by hand, courier, fax or scanned email.

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

VERSUS SYSTEMS INC.

Per: _____

Authorized Signatory

BRIAN TINGLE

Per: _____

Authorized Signatory

PROMISSORY NOTE

[_____], 20[__]

FOR VALUE RECEIVED, the undersigned hereby acknowledges itself indebted to **BRIAN TINGLE** (the "Lender") and promises to pay on or before **[_____], 20[__]** to or to the order of the Lender at its address at Suite 302 – 1620 West 8th Ave., Vancouver, BC V6J 1V4, or as otherwise directed in writing by the Lender, in accordance with the provisions of the loan agreement (the "Loan Agreement") dated as of **[_____], 20[__]**, between the undersigned and the Lender the principal sum of **[_____] DOLLARS** (CDN$[_____]) with interest thereon, both before and after maturity, default and judgment, until paid, at the PRIME RATE per annum (the "Interest Rate") calculated and compounded annually and paid quarterly. The unpaid principal amount due hereunder may be reduced to zero from time to time without affecting the validity of this Note. The principal amount may be advanced and re-advanced in the discretion of the Lender and this Note shall secure the ultimate balance outstanding together with interest.

This Note evidences indebtedness incurred under, and is subject to the terms and provisions of, the Loan Agreement and all amendments thereto, pursuant to which the indebtedness evidenced hereby may become payable at any time. All initially capitalized terms used herein and not otherwise defined have the meaning given to them by the Loan Agreement.

PRESENTMENT, PROTEST, NOTICE OF PROTEST AND NOTICE OF DISHONOUR OF THIS NOTE ARE HEREBY WAIVED.

VERSUS SYSTEMS INC.

Per: _____

Authorized Signatory

Exhibit 10.2

LOAN AGREEMENT

THIS AGREEMENT is dated as of the [_____] day of [_____], 20[__].

BETWEEN:

VERSUS SYSTEMS INC.
of 302 – 1620 West 8th Avenue, Vancouver, B.C., V6J 1V4

(hereinafter called the "Borrower")

OF THE FIRST PART

AND:

THE SANDOVAL PIERCE FAMILY TRUST ESTABLISHED MAY 20, 2015
of 10851 Ocean Dr, Culver City, CA 90230
(hereinafter called the "Lender")

OF THE SECOND PART

WHEREAS:

A. The Lender has agreed to advance the Borrower **USD$[_____]** under the terms of this Agreement.

B. The Borrower will employ the Loan for general administration expenses.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the sum of CDN$1.00 paid by each party to the other (the receipt of which is hereby acknowledged) the parties mutually covenant and agree as follows:

1. INTERPRETATION

1.1 Definitions. Where used herein or in any amendment hereto each of the following words and phrases shall have the meanings set forth as follows:

(a) "Agreement" means this Loan Agreement including the Schedule "A" Promissory Note;

(b) "Change of Control" means any transaction or series of transactions which results in a change of legal or beneficial ownership of a sufficient number of the Borrower's voting shares to materially affect voting control of the Borrower and in the absence of evidence to the contrary a change of legal or beneficial ownership of more than 20% of the Borrower's voting shares is deemed to materially affect control of the Borrower.

(c) "Closing Date" means **[__]th day of [_____], 20[__]**;

(d) "Event of Default" means any event set forth in paragraph 6.1;

(e) "Financing Event" means any equity financing event completed by the Borrower or its subsidiaries;

(f) "Loan" means the loan of **USD$[_____]** made by the Lender to the Borrower in accordance with this Agreement;

(g) "Maturity Date" means **[_____], 20[__]**;

(h) "Mortgaged Property" means all of the properties, assets and undertaking of the Borrower, for the time being, present and future, real and personal, legal or equitable, tangible or intangible, and of whatsoever nature and kind and wheresoever situate;

(i) "Principal Sum" means the sum of **USD$[_____]**; and

(j) "Promissory Note" means the form of promissory note granted by the Borrower to the Lender attached as Schedule "A".

1.2 Number and Gender. Wherever the singular or the masculine are used herein the same shall be deemed to include the plural or the feminine or the body politic or corporate where the context or the parties so require.

1.3 Headings. The headings to the articles, paragraphs, subparagraphs or clauses of this Agreement are inserted for convenience only and shall not affect the construction.

1.4 References. Unless otherwise stated, a reference to a numbered or lettered article, paragraph, subparagraph or clause refers to the article, paragraph, subparagraph or clause bearing that number or letter in this Agreement. A reference to this Agreement means this Loan Agreement, including the Schedules, together with any amendments.

1.5 Currency. All dollar amounts expressed refer to lawful currency of Canada.

2. TERMS OF LOAN

2.1 Loan and Repayment. The Lender hereby agrees to lend the Borrower the Principal Sum. The Loan shall be repaid by the Borrower on the earlier of the Financing Date, Maturity Date or a Change of Control.

2.2 Interest. The Borrower shall before and after the Maturity Date, pay on the amount of the Principal Sum remaining unpaid from time to time interest at the prime rate per annum, payable quarterly.

2.3 Pre-Payment. The Borrower may pre-pay all or any portion of the Loan at any time prior to the Maturity Date without notice, bonus or penalty.

3. SECURITY

3.1 Security. To secure the repayment of the Loan and the payment of all other monies due hereunder, the Borrower agrees to grant the Lender the Promissory Note.

3.2 Extensions. The Lender may grant extensions, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Borrower and with other parties, sureties or securities as the Lender may see fit without prejudice to the liability of the Borrower or to the Lender's rights under this Agreement.

3.3 No Merger. The grant of the Promissory Note or of any other security in replacement thereof shall not operate so as to create any merger or discharge of any indebtedness or liability of the Borrower hereunder, nor of any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security of any form held or which may hereafter be held by the Lender from the Borrower or from any other person whomsoever.

3.4 Waiver. The Lender may waive any breach by the Borrower of this Agreement or of any default by the Borrower in the observance or performance of any covenant or condition required to be observed or performed by the Borrower hereunder or under the Promissory Note. No failure or delay on the part of the Lender to exercise any right, power or remedy given herein or by statute or at law or in equity or otherwise shall operate as a waiver thereof, nor shall any single or partial exercise of any right preclude any other exercise thereof or the exercise of any other right, power or remedy, nor shall any waiver by the Lender be deemed to be a waiver of any subsequent similar or other event.

4. REPRESENTATIONS AND WARRANTIES

4.1 Representations. The Borrower represents and warrants to the Lender, and acknowledges that the Lender is relying upon such representations and warranties in entering into this Agreement, as follows:

(a) this Agreement has been duly authorized by all required action on the part of the Borrower;

(b) the Borrower has the capacity to enter into this Agreement, and the execution of this Agreement and the completion of the transactions contemplated hereby shall not be in violation of any agreement to which the Borrower is a party; and

(c) the Promissory Note has been duly executed by the Borrower and is enforceable against the Borrower in accordance with its terms.

4.2 Survival. All representations and warranties made hereunder shall survive the delivery of the Promissory Note to the Lender and shall continue in full force and effect for the benefit of the Lender.

5. CLOSING ARRANGEMENTS

5.1 Conditions Precedent. The Lender's obligation to advance the Principal Sum to the Borrower shall be subject to the satisfaction of the following conditions:

(a) the representations and warranties of the Borrower shall be true as of the date hereof and as of the Closing Date;

(b) the Borrower shall have complied with all of its obligations hereunder; and

The foregoing conditions precedent are inserted for the benefit of the Lender and may be waived in whole or in part by the Lender at any time prior to closing by delivering to the Borrower written notice to that effect.

5.2 Time of Closing. The closing of the Loan shall take place at 9:00 a.m. Vancouver time on the Closing Date.

5.3 Deliveries by the Lender. On the Closing Date the Lender shall deliver or cause to be delivered to the Borrower a certified cheque, bank draft or solicitors' trust check for the Principal Sum.

5.4 Deliveries by the Borrower. On the Closing Date the Borrower shall deliver to the Lender the Promissory Note.

6. EVENTS OF DEFAULT AND REMEDIES

6.1 Events of Default. Any one or more of the following events, whether or not any such event shall be voluntary or involuntary or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body, shall constitute an Event of Default:

(a) if the Borrower defaults in the payment of any monies due hereunder as and when the same is due;

(b) if the Borrower defaults in the observance or performance of any other provision hereof;

(c) if an order is made or a resolution is passed or a petition is filed for the liquidation or winding-up of the Borrower;

(d) if the Borrower commits an act of bankruptcy or makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency;

(e) if execution, sequestration, extent or other process of any court becomes enforceable against the Borrower or a distress or analogous process is levied upon the Mortgaged Property or any part thereof unless the process is in good faith disputed by the Borrower and the Borrower gives security to pay the full amount claimed to the satisfaction of the Lender;

(f) if the Borrower permits any sum which is not disputed to be due by the Borrower and which forms or is capable of forming a charge upon any of the Mortgaged Property in priority to the Promissory Note to remain unpaid after proceedings have been taken to enforce the same;

(g) if the Borrower ceases or demonstrates an intention to cease to carry on its business;

(h) if a receiver or receiver-manager or receiver and manager is appointed for any of the Mortgaged Property;

(i) if the Borrower makes default in the due payment, performance or observance, in whole or in part, of any debt, liability or obligation of the Borrower to the Lender, whether secured hereby or otherwise; or

(j) if the Borrower makes default in the due payment, performance or observance, in whole or in part, of any charge or encumbrance upon the Mortgaged Property which ranks or may rank in priority to or pari passu with the mortgages and charges created hereunder.

6.2 Remedies Upon Default. Upon the occurrence of any Event of Default and at any time thereafter, provided that the Borrower has not by then remedied such Event of Default, the Lender may, in its discretion, by notice to the Borrower, declare this Agreement to be in default. At any time thereafter, while the Borrower shall not have remedied such Event of Default, the Lender, in its discretion, may:

(a) declare the Loan and other monies owing by the Borrower to the Lender to be immediately due and payable;

(b) demand payment from the Borrower and exercise any or all of its remedies under the Promissory Note.

6.3 Other Security. The rights and powers conferred by subparagraph 6.2 are in addition to and not in substitution for the Promissory Note or any other security which the Lender now or from time to time may hold or take from the Borrower in relation to this Agreement.

6.4 Remedies Non-Exclusive. No remedy conferred on the Lender hereby or in the Promissory Note is intended to be exclusive. Each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Promissory Note or now or hereafter existing at law or in equity or by statute or otherwise. The exercise or commencement of exercise by the Lender of any one or more of such remedies shall not preclude the simultaneous or later exercise by the Lender of any or all other such remedies.

6.5 Inconsistency. In the event of any inconsistency between the terms and provisions of this Agreement and the terms and provisions of the Promissory Note, the terms and provisions of this Agreement shall prevail.

7. MISCELLANEOUS

7.1 Notices. Any notice required or permitted to be given under this Agreement shall be in writing and may be given by delivering same or mailing same by registered mail or sending same by telegram, telex, telecopier or other similar form of communication to the following addresses:

The Borrower: Versus Systems Inc.
Suite 302, 1620 West 8th Avenue
Vancouver, B.C., V6J 1V4

Facsimile No. (604) 639-4458

The Lender: THE SANDOVAL PIERCE FAMILY TRUST ESTABLISHED MAY 20, 2015

Matthew Pierce, Trustee
3631 Virginia Road
Los Angeles, CA, 90016

Any notice so given shall:

(a) if delivered, be deemed to have been given at the time of delivery;

(b) if mailed by registered mail, be deemed to have been given on the fourth business day after and excluding the day on which it was so mailed, but should there be, at the time of mailing or between the time of mailing and the deemed receipt of the notice, a mail strike, slowdown or other labour dispute which might affect the delivery of such notice by the mails, then such notice shall be only effective if actually delivered; and

(c) if sent by telegraph, telex, telecopier or other similar form of communication, be deemed to have been given or made on the first business day following the day on which it was sent.

Any party may give written notice of a change of address in the aforesaid manner, in which event such notice shall be given to such party as above provided at such changed address.

7.2 Amendments. Neither this Agreement nor any provision hereof may be amended, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the amendment, waiver, discharge or termination is sought.

7.3 Entire Agreement. This Agreement embodies the entire agreement and understanding between the parties hereto and supersedes all prior agreements and undertakings, whether oral or written, pertaining to the subject matter hereof.

7.4 Action on Business Day. If the date upon which any act or payment hereunder is required to be done or made falls on a day which is not a business day, then such act or payment shall be performed or made on the first business day next following.

7.5 No Merger of Judgment. The taking of a judgment on any covenant contained herein or on any covenant set forth in any other security for payment of any indebtedness hereunder or performance of the obligations hereby secured shall not operate as a merger of any such covenant or affect the Lender's right to interest at the rate and times provided in this Agreement on any money owing to the Lender under any covenant herein or therein set forth and such judgment shall provide that interest thereon shall be calculated at the same rate and in the same manner as herein provided until such judgment is fully paid and satisfied.

7.6 Severability. If any one or more of the provisions of this Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality or enforceability of such provision shall not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

7.7 Successors and Assigns. This Agreement shall enure to the benefit of and be binding upon all parties hereto and their respective heirs, personal representatives, successors and assigns, as the case may be.

7.8 Governing Law. This Agreement shall be governed by and be construed in accordance with the laws of the Province of British Columbia and the parties hereto agree to submit to the jurisdiction of the courts of the Province of British Columbia with respect to any legal proceedings arising herefrom.

7.9 Time. Time is of the essence of this Agreement.

7.10 Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and do not define, limit, enlarge or alter the meanings of any paragraph or clause herein.

7.11 Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same Agreement. This Agreement may be delivered by hand, courier, fax or scanned email.

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

VERSUS SYSTEMS INC.

Per: _____
Authorized Signatory

THE SANDOVAL PIERCE FAMILY TRUST ESTABLISHED MAY 20, 2015

Per: _____
Authorized Signatory

PROMISSORY NOTE

[_____], 20[__]

FOR VALUE RECEIVED, the undersigned hereby acknowledges itself indebted to **THE SANDOVAL PIERCE FAMILY TRUST ESTABLISHED MAY 20, 2015** (the "Lender") and promises to pay on the earlier of the Invoice Payment Date, a Financing Event, the Maturity Date, or a Change in Control to the order of the Lender at its address at Suite 302 – 1620 West 8th Ave., Vancouver, BC V6J 1V4, or as otherwise directed in writing by the Lender, in accordance with the provisions of the loan agreement (the "Loan Agreement") dated as of **[_____], 20[__]** between the undersigned and the Lender the principal sum of **[_____] DOLLARS** (USD$[_____]) with interest thereon, both before and after maturity, default and judgment, until paid, at the PRIME RATE per annum (the "Interest Rate") calculated and compounded annually and paid quarterly. The unpaid principal amount due hereunder may be reduced to zero from time to time without affecting the validity of this Note. The principal amount may be advanced and re-advanced in the discretion of the Lender and this Note shall secure the ultimate balance outstanding together with interest.

This Note evidences indebtedness incurred under, and is subject to the terms and provisions of, the Loan Agreement and all amendments thereto, pursuant to which the indebtedness evidenced hereby may become payable at any time. All initially capitalized terms used herein and not otherwise defined have the meaning given to them by the Loan Agreement.

PRESENTMENT, PROTEST, NOTICE OF PROTEST AND NOTICE OF DISHONOUR OF THIS NOTE ARE HEREBY WAIVED.

VERSUS SYSTEMS INC.

Per: _____
Authorized Signatory

Exhibit 10.3

EMPLOYMENT AGREEMENT

THIS AGREEMENT dated for reference the 30th day of June, 2016.

BETWEEN:

OPAL ENERGY CORP., a company incorporated under the laws of the Province of British Columbia, Canada, and having its registered and records office at Suite 302 – 1620 West 8th Avenue, Vancouver, British Columbia, V6J 1V4

(the "**Parent**")

AND:

MATTHEW DALTON PIERCE, a businessman, of 3631 Virginia Road, Los Angeles, CA 90016

(the "**Executive**")

AND:

VERSUS LLC, a limited liability company formed under the laws of the State of Nevada, United States, and having its registered and records office at Suite 140, 10990 Wilshire Blvd., Los Angeles, California USA 90024

(the "**Company**")

WHEREAS:

A. The Company is engaged in the business of developing software to enable real-money online gaming;

B. The Company recognizes that the Executive has acquired special skills and experience relating to the Company's business and desires to employ the Executive as the Chief Executive Officer of the Company as of the Effective Date (hereinafter defined); and

C. Both the Company and the Executive wish to formally agree to the terms and conditions of the Executive's employment with the Company and the terms and conditions that will, in certain circumstances hereinafter set forth, govern in the event of a termination of the employment of the Executive by the Company.

NOW THEREFORE in consideration of the premises hereof and of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereby covenant and agree as follows:

ARTICLE I
RECITALS

1.1 Recitals. The parties hereby represent and warrant that the above recitals are true and correct.

ARTICLE II
INTERPRETATION

2.1 Headings. The headings of the Articles, Sections and subsections herein are inserted for convenience of reference only and shall not affect the meaning or construction hereof.

2.2 Definitions. For the purposes of this Agreement, the following terms shall have the following meanings, respectively:

(a) "Accrued Benefits" has the meaning ascribed to such term in subsection 4.1(b)(iv) hereof;

(b) "Agreement" means this Employment Agreement and all schedules and amendments hereto;

(c) "Annual Bonus" has the meaning ascribed to such term in Section 3.6(a) hereof;

(d) "Base Salary" has the meaning ascribed to such term in Section 3.6(a) hereof;

(e) "Board" means the board of Directors of the Parent;

(f) "Business Records" means all business and financial records of or relating to the Company or the Parent or the Company's or the Parent's business, as applicable (whether or not recorded on computer) including but not limited to customer lists, lists of suppliers, surveys plans and specifications, information about personnel, purchasing and internal cost information, operating manuals, engineering standards and specifications, marketing and development plans, price and cost data, price and fee amounts, pricing and billing policies, quoting procedures, marketing techniques and methods of obtaining business, forecasts and forecast assumptions and volumes, and future plans and potential strategies, contracts and their contents, customer or client services, data provide by customers or clients and the type, quantity and specifications of products and services purchased, leased, licensed or received by customers or clients of the Company or any subsidiary of the Company;

(g) "Change of Control" means the occurrence of any of the following events:

(i) the receipt by the Parent of an insider report or other statement filed in accordance with the applicable securities legislation of a relevant jurisdiction indicating that any person: (a) has become the beneficial owner, directly or indirectly, of securities of the Parent representing more than 50% of the Common Shares; or (b) has sole and/or shared voting, or dispositive, power over more than 50% of the Common Shares; or

(ii) a change in the composition of the Board occurring within a two-year period prior to such change, as a result of which fewer than a majority of the Directors are Incumbent Directors. "Incumbent Directors" shall mean Directors who are either: (a) Directors of the Parent as of the Effective Date; or (b) elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Directors who had been Directors at the Effective Date or two (2) years prior to such change and who were still in office at the time of such election or nomination; or

(iii) the solicitation of a dissident proxy, or any proxy not approved by the Incumbent Directors, the purpose of which is to change the composition of the Board with the result, or potential result, that fewer than a majority of the Directors will be Incumbent Directors; or

(iv) the consummation of a merger, amalgamation or consolidation of the Company or the Parent with or into another entity or any other corporate reorganization, if more than fifty percent (50%) of the combined voting power of the continuing or surviving entity's securities outstanding immediately after such merger, amalgamation, consolidation or reorganization are owned by persons who were not shareholders of the Company or the Parent, as applicable, immediately prior to such merger, amalgamation, consolidation or reorganization; or

(v) the commencement by an entity, person or group (other than the Company or the Parent or a wholly owned subsidiary of the Company or the Parent) of a tender offer, an exchange offer or any other offer or bid for more than 50% of the Common Shares; or

(vi) the consummation of a sale, transfer or disposition by the Company or the Parent of all or substantially all of the assets of the Company or the Parent as applicable; or

(vii) the commencement of any proceeding by or against the Company or the Parent seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of the Company or the Parent or their debts, under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or for the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property; or

(viii) the approval by the shareholders of the Company or the Parent of a plan of complete liquidation or dissolution of the Company or the Parent, as applicable.

In the case of the occurrence of any of the events set forth in subsection 2.2(g)(vii), a Change of Control shall be deemed to occur immediately prior to the occurrence of any such events. An event shall not constitute a Change of Control if its sole purpose is to change the jurisdiction of the Company's or the Parent's, as applicable, organization or to create a holding company, partnership or trust that will be owned in substantially the same proportions by the persons who held the Company's or the Parent's, as applicable, securities immediately before such event. Additionally, a Change of Control will not be deemed to have occurred, with respect to the Executive, if the Executive is part of a purchasing group that consummates the Change of Control event;

(h) "Common Shares" means the issued and outstanding common shares of the Parent;

(i) "Compensation and Corporate Governance Committee" means the independent committee of the Board consisting of two or more Directors, not employed by the Company or the Parent and each of whom is a disinterested Director, which committee is responsible for making any and all decisions to award stock options to officers of the Company, and in the event the Parent does not have a Compensation and Corporate Governance Committee all references herein to Compensation and Corporate Governance Committee shall be deemed to refer to the Board as a whole;

(j) "Confidential Information" means all information and facts (including Intellectual Property and Business Records) relating to the business or affairs of the Company and the Parent and the subsidiaries of the company or its respective customers, clients or suppliers that are confidential or proprietary, whether or not such information or facts: (i) are reduced to writing; (ii) were created or originated by an employee; or (iii) are designated or marked as "confidential" or "proprietary" or some other designation or marking. For greater certainty, Confidential Information includes, but is not limited to:

(i) product resulting from or relating to work or projects performed or to be performed by an employee, including but not limited to interim and final lines of inquiry, hypotheses, research and conclusions and the methods, processes, procedures, analyses, techniques and audits used in connection with research and conclusions;

(ii) computer software of any type or form and in any state of actual or anticipated development, including but not limited to, programs and program modules, routines and subroutines, procedures, algorithms, design concepts, design specifications (design notes, annotations, documentation, flowcharts, coding sheets, and the like), source code, object code and load modules, programming, program patches and system designs;

(iii) all information which becomes known to an employee as a result of the employee's employment by the Company, which the employee, acting reasonably, believes or ought to believe is confidential or proprietary information from its nature, or from the circumstances surrounding its disclosure to the employee;

provided that with respect to the employment of the Executive by the Company, Confidential Information does not include the general skills and experience gained during the Executive's employment or engagement with the Company or the Parent or any of the Company's or the Parent's subsidiaries which the Executive could reasonably have been expected to acquire in similar employment or engagements with other employers; and provided further, that Confidential Information does not include information that s available to the public or in the public domain at the time of such disclosure or use, without breach of this Agreement;

(k) "Date of Termination" means the date of termination of the Executive's employment with the Company;

(l) "Directors" means the directors of the Parent, and "Director" means any one of them.

(m) "Disability" shall mean the Executive's failure to substantially perform his material duties for the Company on a full-time basis for six (6) consecutive months as a result of physical or mental incapacity;

(n) "Disability Termination" has the meaning ascribed thereto in Section 4.1 hereof;

(o) "Discretionary Bonus" has the meaning ascribed to such term in Section 3.6(a) hereof;

(p) "EBITDA" means earnings from continuing operations before interest, income taxes, depreciation, amortization and stock based compensation;

(q) "Effective Date" means the date of this Agreement appearing at the head of the first page of this Agreement;

(r) "Good Reason" means, without the written consent of the Executive, the occurrence of any of the following events:

(i) any material reduction or diminution (except temporarily during any period of physical or mental incapacity or disability of the Executive) in the Executive's authority, duties or responsibilities with the Company (including any position or duties as a Director of the Company and the failure to re-elect the Executive as a Director and to the Board), it being acknowledged that, in the event any entity becomes the owner, directly, indirectly, beneficially or otherwise of more than fifty percent (50%) of the Common Shares, it shall be Good Reason if the Executive is not the Chief Executive Officer of such entity;

(ii) a breach by the Company or the Parent of any material provision of this Agreement, including, but not limited to, a breach of the obligations of the Company or the Parent, as applicable, under Sections 3.6, 5.1 and 6.8 or any failure to timely pay any part of the Executive's compensation or issue any part of the Executive's incentive equity awards hereunder, including, without limitation, the Executive's Base Salary, Annual Bonus, Discretionary Bonus, Stock Options, Performance Warrants, Performance Cash Bonus and any other bonuses payable to him or to materially provide, in the aggregate, the level of benefits contemplated herein;

(iii) the failure of the Company or the Parent, as applicable, to obtain and deliver to the Executive a written agreement, in the form satisfactory to the Executive acting reasonably, to be entered into with any successor, assignee or transferee of the Company or the Parent, as applicable, to assume and agree to perform this Agreement in accordance with Section 6.10 hereof, other than in the case of a Permitted Assignment; and

(iv) the relocation of the Executive by the Company to a place other than that is more than thirty-five (35) miles from the location at which he performed his duties for the Company immediately prior to such relocation, except for required travel on the Company's business to an extent substantially consistent with the Executive's business obligations to the Company.

(s) "Incumbent Directors" has the meaning ascribed thereto in subsection 2.2(g)(ii);

(t) "IFRS" means the International Financial Reporting Standards, as amended, as issued by the International Accounting Standards Board;

(u) "Intellectual Property" means means all intellectual property including but not limited to trade marks and trade mark applications, trade names, certification marks, patents and patent applications, copyrights, know-how, formulae, processes, inventions, technical expertise, research data, trade secrets, industrial designs and other similar property, and all registrations and applications for registration thereof, and includes computer software, formulae, processes, patterns, discoveries, devices or compilations of information (including production data, technical and engineering data, test data and test results, and the status and details of research and development of products and services);

(v) "Just Cause" means the occurrence of any of the following events:

(i) serious misconduct, dishonesty or disloyalty of the Executive directly related to the performance of his duties for the Company which results from a willful act or omission or from gross negligence and which is materially injurious to the operations, financial condition or business reputation of the Company or the Parent;

(ii) willful and continued failure by the Executive to substantially perform his duties under this Agreement (other than any such failure resulting from his incapacity due to physical or mental disability or impairment); or

(iii) any other material breach of this Agreement by the Executive;

For purposes of this Agreement, no act, or failure to act, by the Executive shall be "willful" unless it is done, or omitted to be done, in bad faith and without a reasonable belief that the act or omission was in the best interests of the Company or the Parent, as applicable;

(w) "Performance Cash Bonus" has the meaning ascribed to such term in Section 3.6(a) hereof;

(x) "Performance Warrants" has the meaning ascribed to such term in Section 3.6(a) hereof;

(y) "Permitted Assignment" means an assignment by the Company or the Parent of the rights and obligations of the Company or the Parent, as applicable, contained in this Agreement to a wholly-owned subsidiary of the Company or the Parent, resident in Canada or the United States, provided that the Company or the Parent, as applicable, is not, as a result of such assignment, relieved of its liabilities, obligations and duties under this Agreement;

(z) "Prime Rate" means the rate of interest expressed as a rate per annum that the Royal Bank of Canada, at its main branch in Vancouver, British Columbia, establishes and announces from time to time as the reference rate of interest that it will charge for Canadian dollar demand loans to its customers in Canada and which it refers to as its "prime rate";

(aa) "Prorated Bonus" has the meaning ascribed to such term in Section 4.1(c) hereof; and

(bb) "Stock Options" has the meaning ascribed to such term in Section 3.6(a) hereof.

ARTICLE III
TERMS AND CONDITIONS OF EMPLOYMENT

3.1 Employment. The Company does hereby employ the Executive to serve as its Chief Executive Officer, and the Executive hereby accepts such employment by the Company, as of the Effective Date, all upon and subject to the terms and conditions of this Agreement. The Executive agrees to serve, at no additional remuneration, in such other executive capacities and to assume such responsibilities and perform such duties consonant with his position as an executive of the Company and the Parent as the Board may require and assign to him from time to time, including with subsidiaries of the Company or the Parent.

3.2 Duties and Functions. The Executive shall be responsible to and shall report to the Board. The Executive's duties shall include those duties set forth in Schedule A hereto and any other duties consistent with the Executive's position in the Company and the Parent. The Board may vary the conditions, duties and services provided by the Executive from time to time according to the operational and other needs of the business of the Company and the Parent, provided that his duties will reasonably reflect the responsibilities conferred by this Agreement. The Company expects the Executive to produce timely and good quality work, acting in a competent, truthworthy and loyal manner. The Executive agrees to carry out, using his reasonable best efforts and in a manner that will promote the interests of the business of the Company and the Parent, such duties and functions as the Board may request from time to time.

3.3 Orders of Board. The Executive shall always act in accordance with any reasonable decision of and obey and carry out all lawful and reasonable orders given to him by the Board.

3.4 Time and Energy. Unless prevented by ill health, or physical or mental disability or impairment, the Executive shall, during the term hereof, devote sufficient business time, care and attention to the business of the Company and the Parent in order to properly discharge his duties hereunder. It is acknowledged and agreed that the Executive is currently, and will continue to act as, a director, trustee, officer, shareholder or investor in other businesses, ventures, entities, institutions and organizations during the term of this Agreement and may devote time, care and attention thereto so long as his doing so does not materially adversely affect the ability of the Executive to devote sufficient time and energy to properly discharge his duties hereunder.

3.5 Faithful Service. The Executive shall well and faithfully serve the Company and the Parent and use his reasonable efforts to promote the interests thereof and shall not use for his own purposes, or for any purposes other than those of the Company and the Parent, any non-public information he may acquire with respect to the business, affairs and operations of the Company and the Parent.

3.6 Compensation. During the term of this Agreement, and any extension thereof, the Company or the Parent, as applicable shall pay and provide the Executive the following:

(a) Cash Compensation. As compensation for his services to the Company and the Parent, the Executive shall receive a base salary (the "Base Salary") and in addition to the Base Salary shall receive (i) an annual cash bonus of twenty-five percent (25%) of Base Salary (the "Annual Bonus"), and (ii) an annual cash bonus in accordance with EBITDA achievement in the relevant fiscal year as set forth in Schedule C hereto (the "Performance Cash Bonus"). As of the Effective Date, the Executive's annualized Base Salary shall be USD$160,000.[1] In addition to the Base Salary, Annual Bonus and any Performance Cash Bonus, the Executive shall be eligible to receive in respect of each fiscal year (or portion thereof) additional variable cash compensation in an amount determined in accordance with any bonus, profit sharing or short term incentive compensation program which may be established by the Board either for the Executive or for senior officers of the Company or the Parent (the "Discretionary Bonus"). During the term of this Agreement the Compensation and Corporate Governance Committee shall review the Executive's Base Salary, Annual Bonus and Discretionary Bonus then in effect at least annually to ensure that such amounts are competitive with awards granted to similarly situated executives of publicly held companies comparable to the Parent and shall increase such amounts as the Compensation and Corporate Governance Committee may approve. The Compensation and Corporate Governance Committee shall not reduce the Executive's Base Salary or Annual Bonus except as set forth herein. The Executive's Base Salary, Annual Bonus and Discretionary Bonus shall be payable in accordance with the Company's normal payroll practices, as applicable. The Executive's Annual Bonus, Performance Cash Bonus and Discretionary Bonus each shall be payable on the Company's next regular payroll date following its determination, but in no event later than March 15 of the calendar year following the calendar year with respect to which it is earned. The Executive's Base Salary, Annual Bonus, Discretionary Bonus and Performance Cash Bonus shall be subject to deductions in respect of statutory remittances, including, without limitation, deductions for income tax, Social Security premiums and employment insurance premiums. No increase in the Executive's Base Salary, Annual Bonus, Discretionary Bonus or Performance Cash Bonus, and no amount of issuances of Performance Warrants or Stock Options, shall be used to offset or otherwise reduce any obligations of the Company and the Parent to the Executive hereunder or otherwise.

[1] Base Salary for John O'Connell is $120,000 and for Scott Sebelius is $160,000.

(b) Equity Compensation. As additional compensation for his services to the Company and the Parent, the Executive shall receive additional variable equity compensation in the form of (i) 7,059,000 common share purchase warrants at CND $0.25 per share, which shall vest in accordance with the achievement of certain performance milestones or service dates all as set forth in Schedule B hereto (the "Performance Warrants"), and (ii) 2,824,000 incentive options to purchase Common Shares of the Parent ("Stock Options"), which shall vest in accordance with the timing set forth in Schedule E attached hereto. Each of the Company, Parent and the Executive acknowledges, as applicable, that as payment for the services hereunder is in part to be made in Stock Options and Performance Warrants of the Parent, a public corporation currently listed on the Canadian Securities Exchange, payment hereunder must at all times be made in accordance with and are subject to the rules and regulations of the Canadian Securities Exchange or such other exchange as the Common Shares of the Parent are listed from time to time and in accordance with and are subject to applicable securities laws and the Performance Warrant and Stock Option payment provisions contained in Schedule B and Schedule "E" hereto, respectively, shall be deemed modified to the extent that they are inconsistent with the rules and regulations of the Canadian Securities Exchange or such other exchange as the Common Shares of the Parent are listed from time to time and all applicable securities laws.

(c) Employee Benefits. The Executive shall, to the extent eligible, be entitled to participate at a level commensurate with his position in all of the Company's or the Parent's, as applicable, employee benefit, welfare and retirement plans and programs, as well as equity plans (if any), provided by the Company or the Parent, as applicable, to its senior officers in accordance with the terms thereof as in effect from time to time. Nothing herein shall obligate the Company or the Parent to establish any employee benefit, welfare, retirement or equity plan or program.

(d) Perquisites. The Company shall provide the Executive, at the Company's cost, with all perquisites which other senior officers of the Company are entitled to receive and such other perquisites which are suitable to the character of the Executive's position with the Company and adequate for the performance of his duties hereunder. To the extent legally permissible under applicable laws, the Company shall not treat such amounts as income to the Executive.

(e) Business and Entertainment Expenses. Upon submission of appropriate documentation in accordance with its policies in effect from time to time, the Company shall pay or reimburse the Executive for all business expenses which the Executive incurs in the performance of his duties under this Agreement, including, but not limited to, travel, entertainment, professional dues and subscriptions, and all dues, fees, and expenses associated with membership in various professional, business, and civic associations and societies in which the Executive participates in accordance with the Company's policies in effect from time to time.

(f) Flexible Time Off. The Executive shall be entitled to paid time off in accordance with the standard written policies of the Company with regard to its senior officers, but in no event less than twenty (20) days per calendar year not including, and in addition to, weekends and statutory holidays.

3.7 Term. Subject to the terms of Article IV hereof, this Agreement shall remain in force for a minimum period of twenty-four (24) months from the Effective Date (for the purposes of this Section 3.7, the "Original Term"). In the event that the Company does not deliver written notice to the Executive, not later than six (6) months prior to the expiration of the Original Term, that the Company does not wish to renew this Agreement, the term hereof shall renew automatically for an additional period of twelve (12) months from the expiration of the Original Term. Thereafter, it shall automatically renew for successive periods of twelve (12) months unless the either party provides notice to the other party that it does not wish to renew a successive period at least six (6) months prior to any such successive twelve (12) month period.

3.8 Amounts Payable considered Debt. All amounts payable by the Company or the Parent, as applicable, under this Agreement shall constitute a debt owing by the Company or the Parent, as applicable, to the Executive.

ARTICLE IV
OBLIGATIONS OF THE COMPANY AND THE PARENT UPON TERMINATION

4.1 Death or Disability. The Company may terminate the Executive's employment in the event the Executive has been unable to perform his material duties hereunder because of Disability by giving the Executive notice of such termination while such Disability continues (a "Disability Termination"). The Executive's employment shall automatically terminate on the Executive's death. In the event the Executive's employment with the Company terminates during the term of this Agreement by reason of the Executive's death or as a result of a Disability Termination, then upon and immediately effective as of the Date of Termination:

(a) the Executive shall be fully and immediately vested in his unvested Stock Options, Performance Warrants and any other options or equity awards granted by the Parent to the Executive, that are unvested on the Date of Termination so that such Stock Options, Performance Warrants and equity awards are fully and immediately exercisable by the Executive;

(b) the Company shall promptly pay and provide the Executive (or in the event of the Executive's death, the Executive's estate):

(i) any unpaid Base Salary and any outstanding and accrued regular and special vacation pay through the Date of Termination;

(ii) any unpaid Annual Bonus, Discretionary Bonus, Performance Cash Bonus and other bonuses accrued with respect to the fiscal year ending on or preceding the Date of Termination;

(iii) reimbursement for any unreimbursed expenses incurred through to the Date of Termination; and

(iv) all other payments, benefits or fringe benefits to which the Executive may be entitled subject to and in accordance with the terms of any applicable compensation arrangement or benefit, equity or fringe benefit plan or program or grant, if any, (the payments referred to herein in subsections 4.1(b)(i) to 4.1(b)(iv) shall, collectively, be referred to as "**Accrued Benefits**"); and

(c) the Company shall pay to the Executive (or in the event of the Executive's death, the Executive's estate) immediately upon the Date of Termination, or, if not determinable at such time, no later than the time specified in Section 3.6(a), a *pro rata* Annual Bonus, Performance Cash Bonus and Discretionary Bonus equal to the amount the Executive would have received if his employment continued (without any discretionary cutback) multiplied by a fraction where the numerator is the number of days in each respective bonus period prior to the Executive's termination and the denominator is the number of days in the bonus period (the "Prorated Bonus").

4.2 Termination for Just Cause. The Company may terminate the Executive's employment for Just Cause. In the event that the Executive's employment with the Company is terminated during the term of this Agreement by the Company for Just Cause, the Executive shall not be entitled to any additional payments or benefits hereunder, other than the Accrued Benefits (including, but not limited to, any then vested Stock Options or other options, equity grants or Performance Warrants) and the Prorated Bonus, each of which the Company or the Parent, as applicable, shall pay or provide to the Executive immediately upon the Date of Termination, or, for any amount not determinable at such time, no later than the time specified in Section 3.6(a).

Notwithstanding the foregoing, no event shall constitute or be deemed the basis for termination of the Executive's employment for Just Cause unless the Executive is terminated therefor within ninety (90) days after such event is known to the Chairman of the Parent, or, if the Executive is the Chairman, known to a majority of the Board (other than the Executive) and the Executive shall not be deemed to have been terminated for Just Cause without:

(a) advance written notice received by the Executive not less than thirty (30) days prior to the Date of Termination setting forth the Company's intention to consider terminating the Executive and including a statement of the proposed Date of Termination, the basis for such consideration of termination for Just Cause and demanding that the Executive remedy the event, conduct, condition, act or omission that is the basis for such consideration of termination for Just Cause set forth in such notice (the "Just Cause Event") within thirty (30) days of receipt of such notice by the Executive;

(b) an opportunity for the Executive, together with his counsel, to be heard before the Board at least ten (10) days after the giving of such notice and at least ten (10) days prior to the proposed Date of Termination;

(c) the failure on the part of the Executive to remedy the Just Cause Event within thirty (30) days from receipt of such notice, or any extension thereof granted by the Board, or the failure on the part of the Executive to take all reasonable steps to that end during such thirty (30) day period, or any extension thereof;

(d) a duly adopted resolution of the Board stating that in accordance with the provisions of the next to the last sentence of this Section 4.2 that the actions of the Executive constituted Just Cause; and

(e) written determination provided by the Board setting forth the acts and omissions that form the basis of such termination of employment. Any determination by the Board hereunder shall be made by the affirmative vote of at least a two-thirds (2/3) majority of all of the directors of the Board (other than the Executive). Any purported termination of employment of the Executive by the Company which does not meet each and every substantive and procedural requirement of this Section 4.2 shall be treated for all purposes under this Agreement as a termination of employment without Just Cause.

4.3 Voluntary Termination for Good Reason; Involuntary Termination Other Than for Just Cause. The Executive may terminate his employment with the Company for Good Reason by giving the Company written notice of the Good Reason event within ninety (90) days after the occurrence of the Good Reason event and providing the Company a period of thirty (30) days after receipt of written notice from the Executive to cure such Good Reason Event. If the Company does not cure such Good Reason event within such thirty (30) day period, Executive's employment will terminate for Good Reason on the last day of such thirty (30) day period. If the Executive's employment with the Company is voluntarily terminated by the Executive for "Good Reason" or is involuntarily terminated by the Company other than for "Just Cause", then the Company shall pay or provide the Executive with the following:

(a) any Accrued Benefits;

(b) a severance amount equal to the sum of (w) twelve (12) months of the Executive's then current Base Salary; (x) the Executive's maximum Discretionary Bonus for the then-current fiscal year; (y) the Executive's Annual Bonus for the prior fiscal year; and (z) the maximum Performance Cash Bonus provided on Schedule C for the then-current fiscal year; which sum shall be paid to the Executive in full in a single lump sum cash payment; and

(c) the Executive shall be fully and immediately vested in his unvested Stock Options, Performance Warrants and any other options or equity awards granted by the Parent to the Executive so that such Stock Options, options and equity awards are fully and immediately exercisable by the Executive.

4.4 Without Good Reason. The Executive may terminate his employment at any time without Good Reason by written notice to the Company and the Parent. In the event that the Executive's employment with the Company is terminated during the term of this Agreement by the Executive without Good Reason, the Executive shall not be entitled to any additional payments or benefits hereunder, other than Accrued Benefits (including, but not limited to, any then vested Stock Options, or other options, equity grants, or Performance Warrants), the Prorated Bonus and the Performance Cash Bonus, if any, to which the Executive is entitled in accordance with Company's EBITDA as of the Date of Termination, each of which the Company shall pay or provide to the Executive immediately upon the Date of Termination, or, for any amount not determinable at such time, no later than the time specified in Section 3.6(a).

4.5 Change of Control Vesting Acceleration. In the event of a "Change of Control", immediately effective as of the date of such Change of Control, the Executive shall be fully and immediately vested in his unvested Stock Options, Performance Warrants and any other options or equity awards granted by the Company to the Executive, that are unvested as of such date so that such Stock Options, Performance Warrants, other options and equity awards are fully and immediately exercisable by the Executive. Furthermore, the Company shall pay the Executive immediately upon the date of the Change of Control the maximum Performance Bonus provided on Schedule C for the then-current fiscal year, in addition to any amounts that the Executive may be entitled to receive as a result of his termination of employment or any other event.

ARTICLE V
INDEMNIFICATION

5.1 Indemnification. The Company and the Parent hereby covenant and agree, jointly and severally, that if the Executive is made a party, or is threatened to be made a party, to any action, suit or proceeding, whether civil, criminal, administrative or investigative of any nature whatsoever (a "Proceeding"), by reason of, or as a result of, the fact that he is or was an officer, employee, trustee or agent of the Company or the Parent or is or was serving at the request of the Company or the Parent as a trustee, director, officer, member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether or not the basis of such Proceeding is the Executive's alleged action in an official capacity while serving as an officer, employee, trustee or agent of the Company or the Parent, the Executive shall be indemnified and held harmless by the Company and the Parent to the fullest extent legally permitted or authorized by the Company's and the Parent's constating documents or, if greater, by applicable federal, state or provincial legislation, against all costs, expenses, liability and losses of any nature whatsoever (including, without limitation, attorney's fees, judgments, fines, interest, taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by the Executive in connection therewith (collectively, the "Indemnification Amounts"), and such indemnification shall continue as to the Executive even if he has ceased to be an officer, director, employee, trustee or agent of the Company or the Parent or other entity and shall inure to the benefit of the Executive's heirs, executors and administrators.

5.2 Standard of Conduct. Neither the failure of the Company, the Parent or the Board to have made a determination prior to the commencement of any proceeding concerning payment of amounts claimed by the Executive under Section 5.1 hereof that indemnification of the Executive is proper because he has met the applicable standard of conduct, nor a determination by the Company, the Parent or the Board that the Executive has not met such applicable standard of conduct, shall create a presumption that the Executive has not met the applicable standard of conduct.

ARTICLE VI
GENERAL

6.1 Non-Solicitation of Employees. The Executive acknowledges and agrees that during the period of his employment with the Company and for a period of twelve (12) months following termination or resignation of employment with the Company for any reason whatsoever, he will not, directly or indirectly, solicit or attempt to induce any officer, employee, contractor, agent or consultant of the Company or the Parent or any of their subsidiaries away from employment with the Company or the Parent, as applicable, whether or not such person would commit a breach of contract by reason of leaving the Company or the Parent, as applicable.

6.2 Confidentiality. All Confidential Information of the Company and the Parent, their subsidiaries, and their respective customers and clients, whether it is developed by the Executive during the period employed by the Company or by others employed or engaged by or associated with the Corporation or any of its subsidiaries, is the exclusive property of the Company or the Parent, as applicable, or any of their subsidiaries or their respective customers or clients, and shall at all times be regarded, treated and protected as such, as provided in this Agreement.

(a) As a consequence of the acquisition of Confidential Information, the Executive will occupy a position of trust and confidence with respect to the affairs and business of the Company, the Parent, their subsidiaries, and their customers and clients. In view of the foregoing, the Executive agrees that it is reasonable and necessary for the Executive to make the following covenants regarding the Executive's conduct during and subsequent to his period of employment with the Company.

(i) The Executive shall not disclose Confidential Information of the Company or the Parent, their subsidiaries, or their respective customers or clients to any person (other than as necessary in carrying out the Executive's duties on behalf of the Corporation) at any time during or subsequent to his period of employment with the Company without first obtaining the Company's or the Parent's consent, as applicable, and the Executive shall take all reasonable precautions to prevent inadvertent disclosure of any such Confidential Information. This prohibition includes, but is not limited to, disclosing or confirming the fact that any similarity exists between such Confidential Information and any other information.

(ii) The Executive shall not use, copy, transfer or destroy any Confidential Information of the Company, the Parent, their subsidiaries, or their respective customers or clients (other than as necessary in carrying out the Executive's duties on behalf of the Company and the Parent) at any time during or subsequent to his period of employment with the Company without first obtaining the Company's or the Parent's consent, as applicable, and the Executive shall take all reasonable precautions to prevent inadvertent use, copying, transfer or destruction of any such Confidential Information. This prohibition includes, but is not limited to, licensing or otherwise exploiting, directly or indirectly, any products or services which embody or are derived from such Confidential Information or exercising judgment or performing analysis based upon knowledge of such Confidential Information.

(iii) Within five days after the termination of the Executive's employment by the Company on any basis, or of receipt by the Executive of the Company's or the Parent's written request, the Executive shall promptly deliver to the Company or the Parent, as applicable, all property of or belonging to or administered by the Company, the Parent or any of their subsidiaries including without limitation all Confidential Information of the Company, its subsidiaries and their respective customers and clients that is embodied in any way, whether physical, or in electronic, magnetic, optical or other ephemeral form, and that is in the Executive's possession or under the Executive's control.

(b) The Executive acknowledges and agrees that the obligations under this section 6.2 are to remain in effect in perpetuity.

(c) Nothing in this Section 6.2 shall preclude the Executive from disclosing or using Confidential Information of the Company, the Parent, their subsidiaries, or their respective customers and clients at any time if disclosure of such Confidential Information is required to be made by any law, regulation, governmental body, or authority or by court order provided that before disclosure is made, notice of the requirement is provided to the Company or the Parent, as applicable, and to the extent possible in the circumstances, the Company or the Parent, as applicable, is afforded an opportunity to dispute the requirement.

6.3 Resignation of Positions. The Executive agrees that after termination of his employment with the Company he will tender his resignation from any position he may hold as an officer, director or trustee of the Company, the Parent, or any of their affiliated or associated companies if so requested by the Board.

6.4 Rights and Obligations Survive. The respective rights and obligations of the parties hereunder shall survive any termination of the Executive's employment to the extent necessary to preserve such rights and obligations. For greater certainty, notwithstanding anything to the contrary in this Agreement, the parties hereto acknowledge and agree that Sections 4.1, 4.2, 4.3, 4.5, 5.1, 6.4, 6.7, 6.8, 6.13, 6.15, 6.16 and 6.17 shall survive the termination of the Executive's employment with the Company and remain in full force and effect.

6.5 Beneficiaries. The Executive shall be entitled, to the extent permitted under any applicable law, to select and change a beneficiary or beneficiaries to receive any compensation or benefit payable hereunder following the Executive's death by giving the Company written notice thereof. In the event of the Executive's death or a judicial determination of his incompetence, reference in this Agreement to the Executive shall be deemed, where appropriate, to refer to his beneficiary, estate or other legal representative.

6.6 Fair and Reasonable Provisions. The Company and Executive acknowledge and agree that the provisions of this Agreement regarding further payments of the Executive's Base Salary, Annual Bonus and other bonuses, and the exercisability and vesting of the options or equity grants granted by the Company or the Parent to the Executive, constitute fair and reasonable provisions for the consequences of such termination, do not constitute a penalty, and such payments and benefits shall not be limited or reduced by amounts the Executive might earn or be able to earn from any other employment or ventures during the remainder of the agreed term of this Agreement.

6.7 Lump Sum Payment. Except as otherwise specifically provided in this Agreement, the Company shall pay the Executive any lump sum payment due to him under this Agreement within ten (10) business days of the Date of Termination. Any payments due to the Executive under this Agreement that are not paid within such time shall accrue interest, annually, on the total unpaid amount payable under this Agreement, such interest to be calculated at a rate equal to two percent (2%) in excess of the Prime Rate then in effect from time to time during the period of such non-payment.

6.8 Liability Insurance. The Company and the Parent shall each use their reasonable best efforts to obtain and continue coverage of the Executive under directors' and officers' liability insurance both during and, while potential liability exists, after the Executive's employment with the Company in the same amount and to the same extent, if any, as the Company or the Parent, as applicable, cover their other directors and/or officers.

6.9 No Derogation of Rights. Nothing herein derogates from any rights the Executive may have under applicable law.

6.10 Assignability. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs (in the case of the Executive) and assigns. No rights or obligations of the Company or the Parent under this Agreement may be assigned or transferred by the Company or the Parent except: (i) in the case of a "Permitted Assignment"; and (ii) such rights or obligations may be assigned or transferred pursuant to a merger, amalgamation, reorganization, continuance or consolidation in which the Company or the Parent, as applicable, is not the continuing entity, or the sale or liquidation of all or substantially all of the assets of the Company or the Parent, as applicable, provided that the assignee or transferee is the successor to all or substantially all of the assets of the Company or the Parent, as applicable, and such assignee or transferee assumes the liabilities, obligations and duties of the Company or the Parent, as applicable, as contained in this Agreement, either contractually or as a matter of law. The Company and the Parent each further agree that, in the event of a sale of assets or liquidation as described in the preceding sentence, other than in the case of Permitted Assignment, it shall take whatever action it legally can in order to cause such assignee or transferee to expressly assume the liabilities, obligations and duties of the Company or the Parent, as applicable, hereunder. No rights or obligations of the Executive under this Agreement may be assigned or transferred by the Executive other than with the prior written consent of the Company and the Parent.

6.11 Authorization. The Company and the Parent each represent and warrant that they are fully authorized and empowered to enter into this Agreement and perform its obligations hereunder, which performance will not violate any agreement between the Company or the Parent, as applicable, and any other person, firm or organization nor breach any provisions of its constating documents or governing legislation.

6.12 Amendment or Waiver. No provision in this Agreement may be amended unless such amendment is agreed to in writing and signed by the Executive and an authorized officer of the Company and the Parent (other than the Executive). No waiver by either party hereto of any breach by the other party hereto of any condition or provision contained in this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or subsequent time. Any waiver must be in writing and signed by the Executive or an authorized officer of the Company and the Parent (other than the Executive), as the case may be.

6.13 Governing Law and Venue. This Agreement shall be construed and interpreted in accordance with the laws of laws of the State of California and the federal law of the United States applicable therein. Each of the parties hereby irrevocably attorns to the exclusive jurisdiction of the courts located in Los Angeles, California with respect to any matters arising out of this Agreement.

6.14 Notices. Any notices required or permitted to be given under this Agreement will be in writing and will be deemed to be sufficiently given if delivered in person or courier, transmitted by email or sent by regular mail, and

(a) in the case of the Parent:

Suite 302 - 1620 West 8th Avenue
Vancouver, British Columbia, V6J 1V4
Attention: Chief Financial Officer
E-mail: _____

(b) in the case of the Company:

10990 Wilshire Blvd.
Los Angeles, California 90024
USA
Attention: Chief Financial Officer
E-mail:

(c) in the case of the Executive:

to the last address of the Executive in the records of the Company or the Parent or any of their subsidiaries or to such other address as the parties may from time to time specify by notice given in accordance herewith.

Any notice so given will be deemed to be received on the date of delivery by person or by courier or transmission by email or on the fifth (5^{th}) business day following the date of mailing.

6.15 409A Compliance. This Agreement is intended not to result in the imposition of any tax, interest charge or other assessment, penalty or addition under Section 409A of the Internal Revenue Code ("Section 409A"). All terms and conditions of this Agreement are intended, and shall be interpreted and applied to the greatest extent possible in such manner as may be necessary, to exclude any compensation and benefits provided by this Agreement from the definition of "deferred compensation" within the meaning of Section 409A or to comply with the provisions of Section 409A and any rules, regulations or other regulatory guidance issued under Section 409A. For purposes of determining the timing of any payment under Article IV, "Date of Termination" shall mean the date on which the Executive incurs a "separation from service" as such term is defined for purposes of Section 409A. Each payment schedule set forth in this Agreement is intended to be exempt from or to comply with the requirements of Section 409A and shall be interpreted consistently therewith. Each payment in any series of payments that may be provided under this Agreement shall be considered a separate payment for purposes of Section 409A. In order to comply with Section 409A, (i) in no event shall any expense reimbursement payments under Section 3.6(e) or otherwise be made later than the end of the calendar year next following the calendar year in which such expenses were incurred, and the Executive shall be required to have submitted substantiation for such expenses at least ten (10) days before the last date for payment, (ii) the amount of such expenses to be paid in any given calendar year shall not affect the expenses to be paid in any other calendar year, and (iii) the Executive's right to payment of such expenses may not be liquidated or exchanged for any other benefit. Notwithstanding any other provision in this Agreement, solely to the extent that a delay in payment is required in order to avoid the imposition of any tax under Section 409A, if a payment obligation under this Agreement arises on account of the Executive's "separation from service" (within the meaning of Section 409A of the Code) while the Executive is a "specified employee" (as determined for purposes of Section 409A(a)(2)(B) of the Code), then payment of any amount or benefit provided under this Agreement that is considered to be non-qualified deferred compensation for purposes of Section 409A of the Code and that is scheduled to be paid within six (6) months after such separation from service shall be paid without interest on the first business day after the date that is six (6) months following the Executive's separation from service.

6.16 Independent Legal Advice. The Executive hereby represents and warrants to the Company and the Parent and acknowledges and agrees that he had the opportunity to seek, was not prevented nor discouraged by the Company or the Parent from seeking and did obtain, or elected not to obtain, independent legal advice prior to the execution and delivery of this Agreement.

6.17 Severability. If any provision contained herein is determined to be void or unenforceable for any reason, in whole or in part, it shall not be deemed to affect or impair the validity of any other provision contained herein and the remaining provisions shall remain in full force and effect to the fullest extent permissible by law.

6.18 Entire Agreement. This Agreement and the schedules and the recitals hereto contains the entire understanding and agreement between the parties concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the parties with respect thereto.

6.19 Currency. Unless otherwise specified herein all references to dollar or dollars are references to U.S. dollars.

6.20 Further Assurances. Each of the Executive, the Company and the Parent will do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents and things as the Executive, the Company or the Parent may require for the purposes of giving effect to this Agreement.

6.21 Counterparts/Facsimile Execution. This Agreement may be executed in any number of counterparts, each of which when delivered, either in original, electronic or facsimile form, shall be deemed to be an original and all of which together shall constitute one and the same document.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

OPAL ENERGY CORP.

By: /s/ Brian Tingle
Name: Brian Tingle
Title: Director

VERSUS LLC

By: /s/ Craig Finster
Name: Craig Finster
Title: Chief Financial Officer

SIGNED, SEALED and DELIVERED)
by **MATTHEW DALTON PIERCE**)
in the presence of:)
)
/s/ Kate Lyness)

Witness)

10990 Wilshire Blvd Los Angeles CA)
Address)
)
)
Analyst)
Occupation

/s/ Matthew Dalton Pierce
MATTHEW DALTON PIERCE

SCHEDULE A

EXECUTIVE'S DUTIES

Management of all matters relating to the operations of the Company and the Parent, including:

1. Performance of the duties normally associated with the office of Chief Executive Officer;
2. Supervision of investor relations and corporate information dissemination;
3. Participation in the development of strategy, policies and programs for review and approval by the Board;
4. The review and assessment of business opportunities presented to the Company and the Parent;
5. Preparation of business plans as required from time to time for review and approval by the Board;
6. Monitoring and control of the operations of the Company and the Parent; and
7. Performance of such other duties consistent with the Executive's position which the Board shall, from time to time, reasonably direct.

SCHEDULE B

PERFORMANCE MILESTONES

MATTHEW DALTON PIERCE

The number of Performance Warrants set forth in column #2 below shall vest upon the earlier to occur of the Milestone or the date set forth in column #1 below.

	Milestones/Dates of Vesting of Performance Warrants	Number & Price of Performance Warrants	Expiry Date of Performance Warrants
1.	**Milestone**: filing of any new intellectual property on behalf of the Company after March 1, 2016 - this includes patent filings with the USPTO or PCT filing. It also includes new provisional patents, or continuation(s)-in-part for the existing filing Systems and Methods for Creating and Maintaining Real Money Tournaments for Video Games. **Date:** June 30, 2016	Vest 1,176,500 common share purchase warrants at CND$0.25	5 years from the date of issuance
2.	**Milestone**: Sign a licensing or development contract including master service contract, master service agreement, binding letter of intent, joint venture agreement, partnership agreements or similar contract with any company in the business of manufacturing, developing, publishing, or distributing video games, including, but not limited to, the companies listed in Schedule D. **Date:** September 30, 2016	Vest 1,176,500 common share purchase warrants at CND$0.25	5 years from the date of issuance
3.	**Milestone**: Sign a licensing or development contract including master service contract, master service agreement, binding letter of intent, joint venture agreement, partnership agreements or similar contract with a “top tier” company that is in the business of manufacturing, developing, publishing, or distributing video games. Any company, game, game franchise, or platform listed in Schedule D meets this standard. As would any company, game, game franchise, or platform listed in the “Top Games” and/or “Market Movers” reports published by Superdata. **Date:** March 31, 2017	Vest 1,176,500 common share purchase warrants at CND$0.25	5 years from the date of issuance
4.	**Milestone**: The receipt of the first dollar of top line revenue resulting from any business activity including but not limited to pay-to-play match gameplay, technology licensing, advertising, partnership agreements, or other revenue. **Date:** September 30, 2017	Vest 1,176,500 common share purchase warrants at CND$0.25	5 years from the date of issuance

	Milestones/Dates of Vesting of Performance Warrants	Number & Price of Performance Warrants	Expiry Date of Performance Warrants
5.	**Milestone**: The completion of the first one million (1,000,000) matches, in aggregate, in all games, across all platforms, using the Versus system. This includes matches featuring any prizing including downloadable content, consumer packaged goods, and/or real-money. This also includes any matches completed by Versus or by publishers and developers that license or in any other way use the Versus system to create, operate, or distribute prizes in their games. **Date:** March 31, 2018	Vest 1,176,500 common share purchase warrants at CND$0.25	5 years from the date of issuance
6.	**Milestone**: The receipt of $2.5 million dollars (USD) in top-line revenue resulting from any business activity including but not limited to pay-to-play match gameplay, technology licensing, advertising, partnership agreements, or other revenue. **[ate:** September 30, 2018	Vest 588,250 common share purchase warrants at CND$0.25	5 years from the date of issuance
7.	**Milestone**: The receipt of $10 million dollars (USD) in top-line revenue resulting from any business activity including but not limited to pay-to-play match gameplay, technology licensing, advertising, partnership agreements, or other revenue. **Date**: March 31, 2019	Vest 588,250 common share purchase warrants at CND$0.25	5 years from the date of issuance

SCHEDULE C

CASH BONUS MILESTONES

MATTHEW DALTON PIERCE

The Executive shall receive a cash bonus in an amount set forth below, in accordance with the EBITDA attained in the then-current fiscal year:

Performance Milestone	Cash Bonus
The Company generating EBITDA of at least US$1 million within the then current fiscal year.	50% of Base Salary
The Company generating EBITDA of at least US$2 million within the then current fiscal year.	100% of Base Salary
The Company generating EBITDA of at least US$4 million within the then current fiscal year.	200% of Base Salary

SCHEDULE D

GAMING COMPANIES

This is a list of top videogames as provided by ***SuperData Research Group (Q12016)*** *with additional 2015 Top 10 retail data from* ***NPD Research Group (Q1 2016.)***

"Franchise" clarification - many of these title listed are previous releases of major franchises - executed agreements with future 2017 releases in these franchises (i.e. **NBA2K17** or **FIFA17** or **Call of Duty's TBA Q4 2016** release qualify.)

"Non-Franchise" clarification - as they are TBA, new IPs releasing in 2016 and 2017 will be evaluated against the titles listed here, so if a new IP agreement is executed (ex. **Street Fighter V** or **Paragon**) they will be comparably reviewed and the list ammended by all parties.

Platform Partners qualify when Versus executes an agreement with a first party and/or platform provider as listed in Column G.

Console	PC non-MMO	Free-to-Play PC MMO	Pay-to-Play PC MMO	Mobile	Social	Platform Partners
AirMech Arena	Assassin's Creed III	APB Reloaded	Aion East	Big Fish Casino	3D Slots	Sony's PlayStation
Assassin's Creed III	Assassin's Creed IV: Black Flag	Allods Online	Aion West	Bingo Bash	Best Casino	Microsoft's Xbox
Assassin's Creed IV: Black Flag	Assassin's Creed: Unity	Atlantica	Allods Online	BINGO Blitz	Big Fish Casino	Valve's Steam
Assassin's Creed: Unity	Batman: Arkham City	Battlefield Heroes SHUTDOWN	Archeage (East)	Boom Beach	BINGO Blitz	Apple's iOS / GameCenter
Batman: Arkham City	Batman: Arkham Knight	Blacklight: Retribution	Archeage (West)	Bubble Witch 2 Saga	Bubble Witch 2 Saga	Google's Android
Batman: Arkham Knight	Batman: Arkham Origins	Blade & Soul	Blade & Soul	Bubble Witch Saga	Bubble Witch Saga	EA's Origin
Batman: Arkham Origins	Battlefield 3	Call of Duty Online	Elder Scrolls Online	Caesar's Slots	Caesar's Casino	Ubisoft's uPlay
Battlefield 3	Battlefield 4	Combat Arms	EVE Online East	Candy Crush Saga	Candy Crush Saga	Blizzard's Battle.net
Battlefield 4	Battlefield Hardline	Counter-Strike Online	EVE Online West	Candy Crush Soda Saga	Candy Crush Soda Saga	Microsoft's Windows 10 Store
Battlefield Hardline	BioShock Infinite	Crossfire	EverQuest II	Castle Clash	ClickFun Casino	Epic's Unreal Engine
BioShock Infinite	Blacklight: Retribution	Cyphers	Final Fantasy XIV	Clash of Clans	DoubleDown Casino	Unity's Unity Engine
Blacklight: Retribution	BLADESTORM: Nightmare	Dead Island: Epidemic	Final Fantasy XIV: A Realm Reborn	Clumsy Ninja	DoubleU Casino	Amazon's Lumberyard
BLADESTORM: Nightmare	Borderlands 2	Dirty Bomb	Legend: Legacy of the Dragons	Contract Killer: Sniper	Farm Heroes Saga	Nintendo's Wii U / NX
Bloodborne	Borderlands: The Pre-Sequel	DOTA 2	Lineage I East	CSR Racing	FarmVille	Twitch.tv

Console	PC non-MMO	Free-to-Play PC MMO	Pay-to-Play PC MMO	Mobile	Social	Platform Partners
Borderlands 2	Call of Duty: Advanced Warfare	Dungeon Fighter Online	Lineage II East	Deer Hunter: 2014	FarmVille 2	NVIDIA's GeForce Client
Borderlands: The Handsome Collection	Call of Duty: Black Ops II	Elsword	RIFT	Diamond Digger Saga	GameHouse Casino	AMD's Gaming Evolved Client
Borderlands: The Pre-Sequel	Call of Duty: Ghosts	Firefall	Runescape	DoubleDown Casino - Slots and Video Poker	GSN Casino	Curse's Client
Call of Duty: Advanced Warfare	Call of Duty: Modern Warfare 2	Free Realms SHUTDOWN	Star Wars: The Old Republic	DoubleU Casino	Heart of Vegas	ESL
Call of Duty: Black Ops II	Call of Duty: Modern Warfare 3	Hawken	TERA: Online East	Dragon City	High 5 Casino	MLG
Call of Duty: Ghosts	Counter-Strike: Global Offensive	Hearthstone: Heroes of Warcraft	TERA: Online West	DragonVale	Hit it Rich! Casino Slots	ESPN
Call of Duty: Modern Warfare 2	Crysis 3	Heroes of Newerth	The Lord of the Rings Online	Empires and Allies	Hollywood Spins	TBS
Call of Duty: Modern Warfare 3	Dark Souls II: Scholar of the First Sin	Heroes of the Storm	The Secret World	Farm Heroes Saga	House of Fun	IGN
Crysis 3	DayZ	Infinite Crisis SHUTDOWN	Wildstar	FarmVille 2: Country Escape	Jackpot Party Casino - Slots	YouTube
Dark Souls II: Scholar of the First Sin	DC Universe Online	KartRider	World of Warcraft East	Farmville: Harvest Swap	JackpotJoy Slots	GameSpot
DC Universe Online	Dead or Alive 5 Last Round	League of Legends	World of Warcraft West	FIFA 13	Kim Kardashian: Hollywood	
Dead or Alive 5 Last Round	Dead Space 3	Loadout		FIFA 14	Lucky Cruise Slots	
Dead Space 3	Diablo III	Mabinogi		FIFA 15	Lucky Gem Casino	
Destiny	Disney Infinity 2.0: Marvel Super Heroes	Magic: The Gathering Online		Football Manager 13	Lucky Slots	
Devil May Cry: Definitive Edition	Dragon Age: Inquisition	Magicka: Wizard Wars		Football Manager 14	MirrorBall Slots	
Diablo III	Dragon Ball XenoVerse	Maplestory		Football Manager 2015	Pet Rescue Saga	
Disney Infinity 2.0: Marvel Super Heroes	Dying Light	MechWarrior Online		Frontline Commando: WW2	Slotomania	
Dragon Age: Inquisition	Dynasty Warriors 8 Empires	Mighty Quest for Epic Loot		Game of War: Fire Age	Social Empires	
Dragon Ball XenoVerse	Elite:Dangerous	Path of Exile		Gold Fish Casino	Team Slots	
Dust 514	Endless Legend	Planetside 2		GSN Casino	Teen Patti	
Dying Light	Evolve	Pokemon Trading Card Game		Hay Day	Teen Patti Gold	
Dynasty Warriors 8 Empires	Far Cry 3	Shards of War		Hearthstone: Heroes of Warcraft	The Price Is Right Slots	
Evolve	Far Cry 4	SMITE		Hit it Rich! Casino Slots	War Commander	
F1 2015	FIFA 13	Strife		House of Fun	Zynga Elite Slots	

Console	PC non-MMO	Free-to-Play PC MMO	Pay-to-Play PC MMO	Mobile	Social	Platform Partners
Far Cry 3	FIFA 14	Sudden Attack		Jackpot Party Casino - Slots	Zynga Texas Hold'em Poker	
Far Cry 4	FIFA 15	Tales Weaver		Jackpot Slots		
FIFA 13	FIFA 16	Team Fortress 2		Kim Kardashian		
FIFA 14	Final Fantasy Type-0	Tom Clancy's Ghost Recon Online		Kim Kardashian: Hollywood		
FIFA 15	Grand Theft Auto V	Tom Clancy's Ghost Recon Phantoms		Kingdoms of Camelot		
FIFA 16	Guild Wars 2	Tribes: Ascend		Madden NFL Mobile		
Final Fantasy Type-0	H1Z1	Trove		Minecraft: Pocket Edition		
Forza Motosport 5	Happy Wars	War Thunder		Monopoly Slots		
God of War III Remastered	Kerbal Space Progam	Warface		NFL Showdown		
Grand Theft Auto V	Kerbal Space Program	Warframe		Papa Pear Saga		
Halo: The Master Chief Collection	LEGO: Jurassic World	World of Tanks		Pet Rescue Saga		
Happy Wars	Life is Strange			Plants vs Zombies 2		
Helldivers	Mad Max			Poker by Zynga / Zynga Poker		
Killer Instinct	Mass Effect 3			Puzzle & Dragons		
Killzone Shadow Fall	Metal Gear Solid V: The Phantom Pain			Pyramid Saga		
LEGO: Jurassic World	Middle-Earth: Shadow of Mordor			Racing Rivals		
Life is Strange	Minecraft			Rage of Bahamut		
Loadout	Mortal Kombat X			Real Slots - High 5 Casino		
Mad Max	NBA 2K13			Slot City - slot machines		
Madden NFL 13	NBA 2K14			Slotomania		
Madden NFL 15	NBA 2K15			Slots - myVegas		
Madden NFL 16	NBA 2K16			Slots - Pharaoh's Way		
Madden NFL 25	Need for Speed Rivals			Tap Sports: Baseball 2015		
Mass Effect 3	Pro Evolution Soccer 2015			Texas Poker		
Metal Gear Solid V: The Phantom Pain	Pro Evolution Soccer 2016			The Hobbit: Kingdoms of Middle-earth		
Middle-Earth: Shadow of Mordor	Project CARS			The Simpsons: Tapped Out		
Minecraft	Resident Evil HD Remastered			Top Eleven		

Console	PC non-MMO	Free-to-Play PC MMO	Pay-to-Play PC MMO	Mobile	Social	Platform Partners
MLB 15: The Show	Resident Evil: Revelations 2			Wizard of Oz Slots Free Casino		
Mortal Kombat X	Resident Evil: Revelations 2 - Complete Season			World Series of Poker - WSOP Texas Holdem Free Casino		
NBA 2K13	Rugby 15					
NBA 2K14	Rust					
NBA 2K15	Sid Meier's Civilization V					
NBA 2K16	Sims 3					
Need for Speed Rivals	Sims 4					
Neverwinter	Sleeping Dogs					
NHL 13	South Park: The Stick of Truth					
NHL 14	StarCraft II: Wings of Liberty					
NHL 15	Stronghold Kingdoms					
NHL 16	Super Street Fighter IV Arcade Edition					
PlanetSide 2	The Crew					
Pro Evolution Soccer 2015	The Elder Scrolls V: Skyrim					
Pro Evolution Soccer 2016	The Evil Within					
Project CARS	The Witcher 3: Wild Hunt					
Red Dead Redemption	THIEF					
Resident Evil HD Remastered	Titanfall					
Resident Evil: Revelations 2 - Complete Season	Tomb Raider					
Rory McIlroy PGA Tour	Transformers: Fall of Cybertron					
Rugby 15	Transformers: Rise of the Dark Spark					
Sims 3	Watch Dogs					
Sleeping Dogs	Wolfenstein: The New Order					
Smite	Wolfenstein: The Old Blood					

Console	PC non-MMO	Free-to-Play PC MMO	Pay-to-Play PC MMO	Mobile	Social	Platform Partners
South Park: The Stick of Truth	WWE 2K15					
Sunset Overdrive	XCOM: Enemy Unknown					
Super Street Fighter IV Arcade Edition	Rocket League					
The Crew						
The Elder Scrolls Online: Tamriel Unlimited						
The Elder Scrolls V: Skyrim						
The Evil Within						
The Last Of Us						
The Legend of Zelda: Majora's Mask						
The Order: 1886						
The Witcher 3: Wild Hunt						
THIEF						
Titanfall						
Tomb Raider						
Transformers: Fall of Cybertron						
Transformers: Rise of the Dark Spark						
Ultra Street Fighter IV						
War Thunder						
Warframe						
Watch Dogs						
Wolfenstein: The New Order						
Wolfenstein: The Old Blood						
WWE 2K15						
XCOM: Enemy Unknown						
Rocket League						
Fallout 4						
Call of Duty: Black Ops III						
Star Wars: Battlefront						

SCHEDULE E

STOCK OPTIONS

MATTHEW DALTON PIERCE

1. On the Effective Date, subject to the Company's stock option plan, the Executive shall be entitled to receive 2,824,000 options to purchase common shares in the capital of the Company at a price of CND$0.27 per common share which such options shall vest and become exercisable in accordance with the following dates:

a. 941,333 options vest and become exercisable on the Effective Date;
b. 941,333 options vest and become exercisable one year from the Effective Date; and
c. 941,334 options vest and become exercisable two years from the Effective Date.

Exhibit 10.4

EMPLOYMENT AGREEMENT

THIS AGREEMENT dated for reference the 1st day of May, 2019.

BETWEEN:

VERSUS SYSTEMS, INC., a company incorporated under the laws of the Province of British Columbia, Canada, and having its registered and records office at Suite 302 – 1620 West 8th Avenue, Vancouver, British Columbia, V6J 1V4

(the "**Parent**")

AND:

CRAIG CHARLES FINSTER, a businessman, of 3530 Twin Oaks Drive, Napa California

(the "**Executive**")

AND:

VERSUS LLC, a limited liability company formed under the laws of the State of Nevada, United States, and having its registered and records office at Suite 480, 6701 Center Drive West, Los Angeles, California USA 90045

(the "**Company**")

WHEREAS:

A. The Company is engaged in the business of developing software to enable prizing and real-rewards in online gaming;

B. The Company recognizes that the Executive has acquired special skills and experience relating to the Company's business and desires to employ the Executive as the Chief Financial Officer and President of the Company as of the Effective Date (hereinafter defined); and

C. Both the Company and the Executive wish to formally agree to the terms and conditions of the Executive's employment with the Company and the terms and conditions that will, in certain circumstances hereinafter set forth, govern in the event of a termination of the employment of the Executive by the Company.

NOW THEREFORE in consideration of the premises hereof and of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereby covenant and agree as follows:

ARTICLE I
RECITALS

1.1 Recitals. The parties hereby represent and warrant that the above recitals are true and correct.

ARTICLE II
INTERPRETATION

2.1 Headings. The headings of the Articles, Sections and subsections herein are inserted for convenience of reference only and shall not affect the meaning or construction hereof.

2.2 Definitions. For the purposes of this Agreement, the following terms shall have the following meanings, respectively:

(a) "Accrued Benefits" has the meaning ascribed to such term in subsection 4.1(b)(iv) hereof;

(b) "Agreement" means this Employment Agreement and all schedules and amendments hereto;

(c) "Annual Bonus" has the meaning ascribed to such term in Section 3.6(a) hereof;

(d) "Base Salary" has the meaning ascribed to such term in Section 3.6(a) hereof;

(e) "Board" means the board of Directors of the Parent;

(f) "Business Records" means all business and financial records of or relating to the Company or the Parent or the Company's or the Parent's business, as applicable (whether or not recorded on computer) including but not limited to customer lists, lists of suppliers, surveys plans and specifications, information about personnel, purchasing and internal cost information, operating manuals, engineering standards and specifications, marketing and development plans, price and cost data, price and fee amounts, pricing and billing policies, quoting procedures, marketing techniques and methods of obtaining business, forecasts and forecast assumptions and volumes, and future plans and potential strategies, contracts and their contents, customer or client services, data provide by customers or clients and the type, quantity and specifications of products and services purchased, leased, licensed or received by customers or clients of the Company or any subsidiary of the Company;

(g) "Change of Control" means the occurrence of any of the following events:

(i) the receipt by the Parent of an insider report or other statement filed in accordance with the applicable securities legislation of a relevant jurisdiction indicating that any person: (a) has become the beneficial owner, directly or indirectly, of securities of the Parent representing more than 50% of the Common Shares; or (b) has sole and/or shared voting, or dispositive, power over more than 50% of the Common Shares; or

(ii) a change in the composition of the Board occurring within a two-year period prior to such change, as a result of which fewer than a majority of the Directors are Incumbent Directors. "Incumbent Directors" shall mean Directors who are either: (a) Directors of the Parent as of the Effective Date; or (b) elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Directors who had been Directors at the Effective Date or two (2) years prior to such change and who were still in office at the time of such election or nomination; or

(iii) the solicitation of a dissident proxy, or any proxy not approved by the Incumbent Directors, the purpose of which is to change the composition of the Board with the result, or potential result, that fewer than a majority of the Directors will be Incumbent Directors; or

(iv) the consummation of a merger, amalgamation or consolidation of the Company or the Parent with or into another entity or any other corporate reorganization, if more than fifty percent (50%) of the combined voting power of the continuing or surviving entity's securities outstanding immediately after such merger, amalgamation, consolidation or reorganization are owned by persons who were not shareholders of the Company or the Parent, as applicable, immediately prior to such merger, amalgamation, consolidation or reorganization; or

(v) the commencement by an entity, person or group (other than the Company or the Parent or a wholly owned subsidiary of the Company or the Parent) of a tender offer, an exchange offer or any other offer or bid for more than 50% of the Common Shares; or

(vi) the consummation of a sale, transfer or disposition by the Company or the Parent of all or substantially all of the assets of the Company or the Parent as applicable; or

(vii) the commencement of any proceeding by or against the Company or the Parent seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of the Company or the Parent or their debts, under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or for the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property; or

(viii) the approval by the shareholders of the Company or the Parent of a plan of complete liquidation or dissolution of the Company or the Parent, as applicable.

In the case of the occurrence of any of the events set forth in subsection 2.2(g)(vii), a Change of Control shall be deemed to occur immediately prior to the occurrence of any such events. An event shall not constitute a Change of Control if its sole purpose is to change the jurisdiction of the Company's or the Parent's, as applicable, organization or to create a holding company, partnership or trust that will be owned in substantially the same proportions by the persons who held the Company's or the Parent's, as applicable, securities immediately before such event. Additionally, a Change of Control will not be deemed to have occurred, with respect to the Executive, if the Executive is part of a purchasing group that consummates the Change of Control event;

(h) "Common Shares" means the issued and outstanding common shares of the Parent;

(i) "Compensation and Corporate Governance Committee" means the independent committee of the Board consisting of two or more Directors, not employed by the Company or the Parent and each of whom is a disinterested Director, which committee is responsible for making any and all decisions to award stock options to officers of the Company, and in the event the Parent does not have a Compensation and Corporate Governance Committee all references herein to Compensation and Corporate Governance Committee shall be deemed to refer to the Board as a whole;

(j) "Confidential Information" means all information and facts (including Intellectual Property and Business Records) relating to the business or affairs of the Company and the Parent and the subsidiaries of the company or its respective customers, clients or suppliers that are confidential or proprietary, whether or not such information or facts: (i) are reduced to writing; (ii) were created or originated by an employee; or (iii) are designated or marked as "confidential" or "proprietary" or some other designation or marking. For greater certainty, Confidential Information includes, but is not limited to:

(i) product resulting from or relating to work or projects performed or to be performed by an employee, including but not limited to interim and final lines of inquiry, hypotheses, research and conclusions and the methods, processes, procedures, analyses, techniques and audits used in connection with research and conclusions;

(ii) computer software of any type or form and in any state of actual or anticipated development, including but not limited to, programs and program modules, routines and subroutines, procedures, algorithms, design concepts, design specifications (design notes, annotations, documentation, flowcharts, coding sheets, and the like), source code, object code and load modules, programming, program patches and system designs;

(iii) all information which becomes known to an employee as a result of the employee's employment by the Company, which the employee, acting reasonably, believes or ought to believe is confidential or proprietary information from its nature, or from the circumstances surrounding its disclosure to the employee;

provided that with respect to the employment of the Executive by the Company, Confidential Information does not include the general skills and experience gained during the Executive's employment or engagement with the Company or the Parent or any of the Company's or the Parent's subsidiaries which the Executive could reasonably have been expected to acquire in similar employment or engagements with other employers; and provided further, that Confidential Information does not include information that s available to the public or in the public domain at the time of such disclosure or use, without breach of this Agreement;

(k) "Date of Termination" means the date of termination of the Executive's employment with the Company;

(l) "Directors" means the directors of the Parent, and "Director" means any one of them.

(m) "Disability" shall mean the Executive's failure to substantially perform his material duties for the Company on a full-time basis for six (6) consecutive months as a result of physical or mental incapacity;

(n) "Disability Termination" has the meaning ascribed thereto in Section 4.1 hereof;

(o) "Discretionary Bonus" has the meaning ascribed to such term in Section 3.6(a) hereof;

(p) "EBITDA" means earnings from continuing operations before interest, income taxes, depreciation, amortization and stock based compensation;

(q) "Effective Date" means the date of this Agreement appearing at the head of the first page of this Agreement;

(r) "Good Reason" means, without the written consent of the Executive, the occurrence of any of the following events:

(i) any material reduction or diminution (except temporarily during any period of physical or mental incapacity or disability of the Executive) in the Executive's authority, duties or responsibilities with the Company (including any position or duties as a Director of the Company and the failure to re-elect the Executive as a Director and to the Board), it being acknowledged that, in the event any entity becomes the owner, directly, indirectly, beneficially or otherwise of more than fifty percent (50%) of the Common Shares, it shall be Good Reason if the Executive is not the Chief Financial Officer of such entity;

(ii) a breach by the Company or the Parent of any material provision of this Agreement, including, but not limited to, a breach of the obligations of the Company or the Parent, as applicable, under Sections 3.6, **Error! Reference source not found.** and **Error! Reference source not found.** or any failure to timely pay any part of the Executive's compensation or issue any part of the Executive's incentive equity awards hereunder, including, without limitation, the Executive's Base Salary, Annual Bonus, Discretionary Bonus, Stock Options, Performance Warrants, Performance Cash Bonus and any other bonuses payable to him or to materially provide, in the aggregate, the level of benefits contemplated herein;

(iii) the failure of the Company or the Parent, as applicable, to obtain and deliver to the Executive a written agreement, in the form satisfactory to the Executive acting reasonably, to be entered into with any successor, assignee or transferee of the Company or the Parent, as applicable, to assume and agree to perform this Agreement in accordance with Section **Error! Reference source not found.** hereof, other than in the case of a Permitted Assignment; and

(iv) the relocation of the Executive by the Company to a place other than that is more than thirty-five (35) miles from the location at which he performed his duties for the Company immediately prior to such relocation, except for required travel on the Company's business to an extent substantially consistent with the Executive's business obligations to the Company.

(s) "Incumbent Directors" has the meaning ascribed thereto in subsection 2.2(g)(ii);

(t) "IFRS" means the International Financial Reporting Standards, as amended, as issued by the International Accounting Standards Board;

(u) "Intellectual Property" means means all intellectual property including but not limited to trade marks and trade mark applications, trade names, certification marks, patents and patent applications, copyrights, know-how, formulae, processes, inventions, technical expertise, research data, trade secrets, industrial designs and other similar property, and all registrations and applications for registration thereof, and includes computer software, formulae, processes, patterns, discoveries, devices or compilations of information (including production data, technical and engineering data, test data and test results, and the status and details of research and development of products and services);

(v) "Just Cause" means the occurrence of any of the following events:

(i) serious misconduct, dishonesty or disloyalty of the Executive directly related to the performance of his duties for the Company which results from a willful act or omission or from gross negligence and which is materially injurious to the operations, financial condition or business reputation of the Company or the Parent;

(ii) willful and continued failure by the Executive to substantially perform his duties under this Agreement (other than any such failure resulting from his incapacity due to physical or mental disability or impairment); or

(iii) any other material breach of this Agreement by the Executive;

For purposes of this Agreement, no act, or failure to act, by the Executive shall be "willful" unless it is done, or omitted to be done, in bad faith and without a reasonable belief that the act or omission was in the best interests of the Company or the Parent, as applicable;

(w) "Performance Cash Bonus" has the meaning ascribed to such term in Section 3.6(a) hereof;

(x) "Performance Warrants" has the meaning ascribed to such term in Section 3.6(a) hereof;

(y) "Permitted Assignment" means an assignment by the Company or the Parent of the rights and obligations of the Company or the Parent, as applicable, contained in this Agreement to a wholly-owned subsidiary of the Company or the Parent, resident in Canada or the United States, provided that the Company or the Parent, as applicable, is not, as a result of such assignment, relieved of its liabilities, obligations and duties under this Agreement;

(z) "Prime Rate" means the rate of interest expressed as a rate per annum that the Royal Bank of Canada, at its main branch in Vancouver, British Columbia, establishes and announces from time to time as the reference rate of interest that it will charge for Canadian dollar demand loans to its customers in Canada and which it refers to as its "prime rate";

(aa) "Prorated Bonus" has the meaning ascribed to such term in Section 4.1(c) hereof; and

(bb) "Stock Options" has the meaning ascribed to such term in Section 3.6(a) hereof.

ARTICLE III
TERMS AND CONDITIONS OF EMPLOYMENT

3.1 Employment. The Company does hereby employ the Executive to serve as its Chief Financial Officer and President, and the Executive hereby accepts such employment by the Company, as of the Effective Date, all upon and subject to the terms and conditions of this Agreement. The Executive agrees to serve, at no additional remuneration, in such other executive capacities and to assume such responsibilities and perform such duties consonant with his position as an executive of the Company and the Parent as the Board may require and assign to him from time to time, including with subsidiaries of the Company or the Parent.

3.2 Duties and Functions. The Executive shall be responsible to and shall report to the Board. The Executive's duties shall include those duties set forth in Schedule A hereto and any other duties consistent with the Executive's position in the Company and the Parent. The Board may vary the conditions, duties and services provided by the Executive from time to time according to the operational and other needs of the business of the Company and the Parent, provided that his duties will reasonably reflect the responsibilities conferred by this Agreement. The Company expects the Executive to produce timely and good quality work, acting in a competent, truthworthy and loyal manner. The Executive agrees to carry out, using his reasonable best efforts and in a manner that will promote the interests of the business of the Company and the Parent, such duties and functions as the Board may request from time to time.

3.3 Orders of Board. The Executive shall always act in accordance with any reasonable decision of and obey and carry out all lawful and reasonable orders given to him by the Board.

3.4 Time and Energy. Unless prevented by ill health, or physical or mental disability or impairment, the Executive shall, during the term hereof, devote sufficient business time, care and attention to the business of the Company and the Parent in order to properly discharge his duties hereunder. It is acknowledged and agreed that the Executive is currently, and will continue to act as, a director, trustee, officer, shareholder or investor in other businesses, ventures, entities, institutions and organizations during the term of this Agreement and may devote time, care and attention thereto so long as his doing so does not materially adversely affect the ability of the Executive to devote sufficient time and energy to properly discharge his duties hereunder.

3.5 Faithful Service. The Executive shall well and faithfully serve the Company and the Parent and use his reasonable efforts to promote the interests thereof and shall not use for his own purposes, or for any purposes other than those of the Company and the Parent, any non-public information he may acquire with respect to the business, affairs and operations of the Company and the Parent.

3.6 Compensation. During the term of this Agreement, and any extension thereof, the Company or the Parent, as applicable shall pay and provide the Executive the following:

(a) Cash Compensation. As compensation for his services to the Company and the Parent, the Executive shall receive a base salary (the "Base Salary") and in addition to the Base Salary shall receive (i) an annual cash bonus of twenty-five percent (25%) of Base Salary (the "Annual Bonus"), and (ii) an annual cash bonus in accordance with EBITDA achievement in the relevant fiscal year as set forth in Schedule C hereto (the "Performance Cash Bonus"). As of the Effective Date, the Executive's annualized Base Salary shall be USD$160,000. In addition to the Base Salary, Annual Bonus and any Performance Cash Bonus, the Executive shall be eligible to receive in respect of each fiscal year (or portion thereof) additional variable cash compensation in an amount determined in accordance with any bonus, profit sharing or short term incentive compensation program which may be established by the Board either for the Executive or for senior officers of the Company or the Parent (the "Discretionary Bonus"). During the term of this Agreement the Compensation and Corporate Governance Committee shall review the Executive's Base Salary, Annual Bonus and Discretionary Bonus then in effect at least annually to ensure that such amounts are competitive with awards granted to similarly situated executives of publicly held companies comparable to the Parent and shall increase such amounts as the Compensation and Corporate Governance Committee may approve. The Compensation and Corporate Governance Committee shall not reduce the Executive's Base Salary or Annual Bonus except as set forth herein. The Executive's Base Salary, Annual Bonus and Discretionary Bonus shall be payable in accordance with the Company's normal payroll practices, as applicable. The Executive's Annual Bonus, Performance Cash Bonus and Discretionary Bonus each shall be payable on the Company's next regular payroll date following its determination, but in no event later than March 15 of the calendar year following the calendar year with respect to which it is earned. The Executive's Base Salary, Annual Bonus, Discretionary Bonus and Performance Cash Bonus shall be subject to deductions in respect of statutory remittances, including, without limitation, deductions for income tax, Social Security premiums and employment insurance premiums. No increase in the Executive's Base Salary, Annual Bonus, Discretionary Bonus or Performance Cash Bonus, and no amount of issuances of Performance Warrants or Stock Options, shall be used to offset or otherwise reduce any obligations of the Company and the Parent to the Executive hereunder or otherwise.

(a) Equity Compensation. As additional compensation for his services to the Company and the Parent, the Executive shall receive additional variable equity compensation in the form of (i) zero common share purchase warrants, which shall vest in accordance with the achievement of certain performance milestones or service dates all as set forth in Schedule B hereto (the "Performance Warrants"), and (ii) 100,000 incentive options to purchase Common Shares of the Parent ("Stock Options"), which shall vest in accordance with the timing set forth in Schedule E attached hereto. Each of the Company, Parent and the Executive acknowledges, as applicable, that as payment for the services hereunder is in part to be made in Stock Options and Performance Warrants of the Parent, a public corporation currently listed on the Canadian Securities Exchange, payment hereunder must at all times be made in accordance with and are subject to the rules and regulations of the Canadian Securities Exchange or such other exchange as the Common Shares of the Parent are listed from time to time and in accordance with and are subject to applicable securities laws and the Performance Warrant and Stock Option payment provisions contained in Schedule B and Schedule "E" hereto, respectively, shall be deemed modified to the extent that they are inconsistent with the rules and regulations of the Canadian Securities Exchange or such other exchange as the Common Shares of the Parent are listed from time to time and all applicable securities laws.

(b) Employee Benefits. The Executive shall, to the extent eligible, be entitled to participate at a level commensurate with his position in all of the Company's or the Parent's, as applicable, employee benefit, welfare and retirement plans and programs, as well as equity plans (if any), provided by the Company or the Parent, as applicable, to its senior officers in accordance with the terms thereof as in effect from time to time. Nothing herein shall obligate the Company or the Parent to establish any employee benefit, welfare, retirement or equity plan or program.

(c) Perquisites. The Company shall provide the Executive, at the Company's cost, with all perquisites which other senior officers of the Company are entitled to receive and such other perquisites which are suitable to the character of the Executive's position with the Company and adequate for the performance of his duties hereunder. To the extent legally permissible under applicable laws, the Company shall not treat such amounts as income to the Executive.

(d) Business and Entertainment Expenses. Upon submission of appropriate documentation in accordance with its policies in effect from time to time, the Company shall pay or reimburse the Executive for all business expenses which the Executive incurs in the performance of his duties under this Agreement, including, but not limited to, travel, entertainment, professional dues and subscriptions, and all dues, fees, and expenses associated with membership in various professional, business, and civic associations and societies in which the Executive participates in accordance with the Company's policies in effect from time to time.

(e) Flexible Time Off. The Executive shall be entitled to paid time off in accordance with the standard written policies of the Company with regard to its senior officers, but in no event less than twenty (20) days per calendar year not including, and in addition to, weekends and statutory holidays.

3.7 Term. Subject to the terms of Article IV hereof, this Agreement shall remain in force for a minimum period of twenty-four (24) months from the Effective Date (for the purposes of this Section 3.7, the "Original Term"). In the event that the Company does not deliver written notice to the Executive, not later than six (6) months prior to the expiration of the Original Term, that the Company does not wish to renew this Agreement, the term hereof shall renew automatically for an additional period of twelve (12) months from the expiration of the Original Term. Thereafter, it shall automatically renew for successive periods of twelve (12) months unless the either party provides notice to the other party that it does not wish to renew a successive period at least six (6) months prior to any such successive twelve (12) month period.

3.8 Amounts Payable considered Debt. All amounts payable by the Company or the Parent, as applicable, under this Agreement shall constitute a debt owing by the Company or the Parent, as applicable, to the Executive.

ARTICLE IV
OBLIGATIONS OF THE COMPANY AND THE PARENT UPON TERMINATION

4.1 Death or Disability. The Company may terminate the Executive's employment in the event the Executive has been unable to perform his material duties hereunder because of Disability by giving the Executive notice of such termination while such Disability continues (a "Disability Termination"). The Executive's employment shall automatically terminate on the Executive's death. In the event the Executive's employment with the Company terminates during the term of this Agreement by reason of the Executive's death or as a result of a Disability Termination, then upon and immediately effective as of the Date of Termination:

(a) the Executive shall be fully and immediately vested in his unvested Stock Options, Performance Warrants and any other options or equity awards granted by the Parent to the Executive, that are unvested on the Date of Termination so that such Stock Options, Performance Warrants and equity awards are fully and immediately exercisable by the Executive;

(b) the Company shall promptly pay and provide the Executive (or in the event of the Executive's death, the Executive's estate):

(i) any unpaid Base Salary and any outstanding and accrued regular and special vacation pay through the Date of Termination;

(ii) any unpaid Annual Bonus, Discretionary Bonus, Performance Cash Bonus and other bonuses accrued with respect to the fiscal year ending on or preceding the Date of Termination;

(iii) reimbursement for any unreimbursed expenses incurred through to the Date of Termination; and

(iv) all other payments, benefits or fringe benefits to which the Executive may be entitled subject to and in accordance with the terms of any applicable compensation arrangement or benefit, equity or fringe benefit plan or program or grant, if any, (the payments referred to herein in subsections 4.1(b)(i) to 4.1(b)(iv) shall, collectively, be referred to as "**Accrued Benefits**"); and

(c) the Company shall pay to the Executive (or in the event of the Executive's death, the Executive's estate) immediately upon the Date of Termination, or, if not determinable at such time, no later than the time specified in Section 3.6(a), a *pro rata* Annual Bonus, Performance Cash Bonus and Discretionary Bonus equal to the amount the Executive would have received if his employment continued (without any discretionary cutback) multiplied by a fraction where the numerator is the number of days in each respective bonus period prior to the Executive's termination and the denominator is the number of days in the bonus period (the "Prorated Bonus").

4.2 Termination for Just Cause. The Company may terminate the Executive's employment for Just Cause. In the event that the Executive's employment with the Company is terminated during the term of this Agreement by the Company for Just Cause, the Executive shall not be entitled to any additional payments or benefits hereunder, other than the Accrued Benefits (including, but not limited to, any then vested Stock Options or other options, equity grants or Performance Warrants) and the Prorated Bonus, each of which the Company or the Parent, as applicable, shall pay or provide to the Executive immediately upon the Date of Termination, or, for any amount not determinable at such time, no later than the time specified in Section 3.6(a).

Notwithstanding the foregoing, no event shall constitute or be deemed the basis for termination of the Executive's employment for Just Cause unless the Executive is terminated therefor within ninety (90) days after such event is known to the Chairman of the Parent, or, if the Executive is the Chairman, known to a majority of the Board (other than the Executive) and the Executive shall not be deemed to have been terminated for Just Cause without:

(a) advance written notice received by the Executive not less than thirty (30) days prior to the Date of Termination setting forth the Company's intention to consider terminating the Executive and including a statement of the proposed Date of Termination, the basis for such consideration of termination for Just Cause and demanding that the Executive remedy the event, conduct, condition, act or omission that is the basis for such consideration of termination for Just Cause set forth in such notice (the "Just Cause Event") within thirty (30) days of receipt of such notice by the Executive;

(b) an opportunity for the Executive, together with his counsel, to be heard before the Board at least ten (10) days after the giving of such notice and at least ten (10) days prior to the proposed Date of Termination;

(c) the failure on the part of the Executive to remedy the Just Cause Event within thirty (30) days from receipt of such notice, or any extension thereof granted by the Board, or the failure on the part of the Executive to take all reasonable steps to that end during such thirty (30) day period, or any extension thereof;

(d) a duly adopted resolution of the Board stating that in accordance with the provisions of the next to the last sentence of this Section 4.2 that the actions of the Executive constituted Just Cause; and

(e) written determination provided by the Board setting forth the acts and omissions that form the basis of such termination of employment. Any determination by the Board hereunder shall be made by the affirmative vote of at least a two-thirds (2/3) majority of all of the directors of the Board (other than the Executive). Any purported termination of employment of the Executive by the Company which does not meet each and every substantive and procedural requirement of this Section 4.2 shall be treated for all purposes under this Agreement as a termination of employment without Just Cause.

4.3 Voluntary Termination for Good Reason; Involuntary Termination Other Than for Just Cause. The Executive may terminate his employment with the Company for Good Reason by giving the Company written notice of the Good Reason event within ninety (90) days after the occurrence of the Good Reason event and providing the Company a period of thirty (30) days after receipt of written notice from the Executive to cure such Good Reason Event. If the Company does not cure such Good Reason event within such thirty (30) day period, Executive's employment will terminate for Good Reason on the last day of such thirty (30) day period. If the Executive's employment with the Company is voluntarily terminated by the Executive for "Good Reason" or is involuntarily terminated by the Company other than for "Just Cause", then the Company shall pay or provide the Executive with the following:

(a) any Accrued Benefits;

(b) a severance amount equal to the sum of (w) twelve (12) months of the Executive's then current Base Salary; (x) the Executive's maximum Discretionary Bonus for the then-current fiscal year; (y) the Executive's Annual Bonus for the prior fiscal year; and (z) the maximum Performance Cash Bonus provided on Schedule C for the then-current fiscal year; which sum shall be paid to the Executive in full in a single lump sum cash payment; and

(c) the Executive shall be fully and immediately vested in his unvested Stock Options, Performance Warrants and any other options or equity awards granted by the Parent to the Executive so that such Stock Options, options and equity awards are fully and immediately exercisable by the Executive.

4.4 Without Good Reason. The Executive may terminate his employment at any time without Good Reason by written notice to the Company and the Parent. In the event that the Executive's employment with the Company is terminated during the term of this Agreement by the Executive without Good Reason, the Executive shall not be entitled to any additional payments or benefits hereunder, other than Accrued Benefits (including, but not limited to, any then vested Stock Options, or other options, equity grants, or Performance Warrants), the Prorated Bonus and the Performance Cash Bonus, if any, to which the Executive is entitled in accordance with Company's EBITDA as of the Date of Termination, each of which the Company shall pay or provide to the Executive immediately upon the Date of Termination, or, for any amount not determinable at such time, no later than the time specified in Section 3.6(a).

4.5 Change of Control Vesting Acceleration. In the event of a "Change of Control", immediately effective as of the date of such Change of Control, the Executive shall be fully and immediately vested in his unvested Stock Options, Performance Warrants and any other options or equity awards granted by the Company to the Executive, that are unvested as of such date so that such Stock Options, Performance Warrants, other options and equity awards are fully and immediately exercisable by the Executive. Furthermore, the Company shall pay the Executive immediately upon the date of the Change of Control the maximum Performance Bonus provided on Schedule C for the then-current fiscal year, in addition to any amounts that the Executive may be entitled to receive as a result of his termination of employment or any other event.

ARTICLE V
INDEMNIFICATION

5.1 Indemnification. The Company and the Parent hereby covenant and agree, jointly and severally, that if the Executive is made a party, or is threatened to be made a party, to any action, suit or proceeding, whether civil, criminal, administrative or investigative of any nature whatsoever (a "Proceeding"), by reason of, or as a result of, the fact that he is or was an officer, employee, trustee or agent of the Company or the Parent or is or was serving at the request of the Company or the Parent as a trustee, director, officer, member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether or not the basis of such Proceeding is the Executive's alleged action in an official capacity while serving as an officer, employee, trustee or agent of the Company or the Parent, the Executive shall be indemnified and held harmless by the Company and the Parent to the fullest extent legally permitted or authorized by the Company's and the Parent's constating documents or, if greater, by applicable federal, state or provincial legislation, against all costs, expenses, liability and losses of any nature whatsoever (including, without limitation, attorney's fees, judgments, fines, interest, taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by the Executive in connection therewith (collectively, the "Indemnification Amounts"), and such indemnification shall continue as to the Executive even if he has ceased to be an officer, director, employee, trustee or agent of the Company or the Parent or other entity and shall inure to the benefit of the Executive's heirs, executors and administrators.

5.2 Standard of Conduct. Neither the failure of the Company, the Parent or the Board to have made a determination prior to the commencement of any proceeding concerning payment of amounts claimed by the Executive under Section 5.1 hereof that indemnification of the Executive is proper because he has met the applicable standard of conduct, nor a determination by the Company, the Parent or the Board that the Executive has not met such applicable standard of conduct, shall create a presumption that the Executive has not met the applicable standard of conduct.

ARTICLE VI
GENERAL

6.1 Non-Solicitation of Employees. The Executive acknowledges and agrees that during the period of his employment with the Company and for a period of twelve (12) months following termination or resignation of employment with the Company for any reason whatsoever, he will not, directly or indirectly, solicit or attempt to induce any officer, employee, contractor, agent or consultant of the Company or the Parent or any of their subsidiaries away from employment with the Company or the Parent, as applicable, whether or not such person would commit a breach of contract by reason of leaving the Company or the Parent, as applicable.

6.2 Confidentiality. All Confidential Information of the Company and the Parent, their subsidiaries, and their respective customers and clients, whether it is developed by the Executive during the period employed by the Company or by others employed or engaged by or associated with the Corporation or any of its subsidiaries, is the exclusive property of the Company or the Parent, as applicable, or any of their subsidiaries or their respective customers or clients, and shall at all times be regarded, treated and protected as such, as provided in this Agreement.

(a) As a consequence of the acquisition of Confidential Information, the Executive will occupy a position of trust and confidence with respect to the affairs and business of the Company, the Parent, their subsidiaries, and their customers and clients. In view of the foregoing, the Executive agrees that it is reasonable and necessary for the Executive to make the following covenants regarding the Executive's conduct during and subsequent to his period of employment with the Company.

(i) The Executive shall not disclose Confidential Information of the Company or the Parent, their subsidiaries, or their respective customers or clients to any person (other than as necessary in carrying out the Executive's duties on behalf of the Corporation) at any time during or subsequent to his period of employment with the Company without first obtaining the Company's or the Parent's consent, as applicable, and the Executive shall take all reasonable precautions to prevent inadvertent disclosure of any such Confidential Information. This prohibition includes, but is not limited to, disclosing or confirming the fact that any similarity exists between such Confidential Information and any other information.

(ii) The Executive shall not use, copy, transfer or destroy any Confidential Information of the Company, the Parent, their subsidiaries, or their respective customers or clients (other than as necessary in carrying out the Executive's duties on behalf of the Company and the Parent) at any time during or subsequent to his period of employment with the Company without first obtaining the Company's or the Parent's consent, as applicable, and the Executive shall take all reasonable precautions to prevent inadvertent use, copying, transfer or destruction of any such Confidential Information. This prohibition includes, but is not limited to, licensing or otherwise exploiting, directly or indirectly, any products or services which embody or are derived from such Confidential Information or exercising judgment or performing analysis based upon knowledge of such Confidential Information.

(iii) Within five days after the termination of the Executive's employment by the Company on any basis, or of receipt by the Executive of the Company's or the Parent's written request, the Executive shall promptly deliver to the Company or the Parent, as applicable, all property of or belonging to or administered by the Company, the Parent or any of their subsidiaries including without limitation all Confidential Information of the Company, its subsidiaries and their respective customers and clients that is embodied in any way, whether physical, or in electronic, magnetic, optical or other ephemeral form, and that is in the Executive's possession or under the Executive's control.

(b) The Executive acknowledges and agrees that the obligations under this section 6.2 are to remain in effect in perpetuity.

(c) Nothing in this Section 6.2 shall preclude the Executive from disclosing or using Confidential Information of the Company, the Parent, their subsidiaries, or their respective customers and clients at any time if disclosure of such Confidential Information is required to be made by any law, regulation, governmental body, or authority or by court order provided that before disclosure is made, notice of the requirement is provided to the Company or the Parent, as applicable, and to the extent possible in the circumstances, the Company or the Parent, as applicable, is afforded an opportunity to dispute the requirement.

6.3 Resignation of Positions. The Executive agrees that after termination of his employment with the Company he will tender his resignation from any position he may hold as an officer, director or trustee of the Company, the Parent, or any of their affiliated or associated companies if so requested by the Board.

6.4 Rights and Obligations Survive. The respective rights and obligations of the parties hereunder shall survive any termination of the Executive's employment to the extent necessary to preserve such rights and obligations. For greater certainty, notwithstanding anything to the contrary in this Agreement, the parties hereto acknowledge and agree that Sections 4.1, 4.2, 4.3, 4.5, 5.1, 6.4, 6.7, 6.8, 6.13, 6.15, 6.16 and 6.17 shall survive the termination of the Executive's employment with the Company and remain in full force and effect.

6.5 Beneficiaries. The Executive shall be entitled, to the extent permitted under any applicable law, to select and change a beneficiary or beneficiaries to receive any compensation or benefit payable hereunder following the Executive's death by giving the Company written notice thereof. In the event of the Executive's death or a judicial determination of his incompetence, reference in this Agreement to the Executive shall be deemed, where appropriate, to refer to his beneficiary, estate or other legal representative.

6.6 Fair and Reasonable Provisions. The Company and Executive acknowledge and agree that the provisions of this Agreement regarding further payments of the Executive's Base Salary, Annual Bonus and other bonuses, and the exercisability and vesting of the options or equity grants granted by the Company or the Parent to the Executive, constitute fair and reasonable provisions for the consequences of such termination, do not constitute a penalty, and such payments and benefits shall not be limited or reduced by amounts the Executive might earn or be able to earn from any other employment or ventures during the remainder of the agreed term of this Agreement.

6.7 Lump Sum Payment. Except as otherwise specifically provided in this Agreement, the Company shall pay the Executive any lump sum payment due to him under this Agreement within ten (10) business days of the Date of Termination. Any payments due to the Executive under this Agreement that are not paid within such time shall accrue interest, annually, on the total unpaid amount payable under this Agreement, such interest to be calculated at a rate equal to two percent (2%) in excess of the Prime Rate then in effect from time to time during the period of such non-payment.

6.8 Liability Insurance. The Company and the Parent shall each use their reasonable best efforts to obtain and continue coverage of the Executive under directors' and officers' liability insurance both during and, while potential liability exists, after the Executive's employment with the Company in the same amount and to the same extent, if any, as the Company or the Parent, as applicable, cover their other directors and/or officers.

6.9 No Derogation of Rights. Nothing herein derogates from any rights the Executive may have under applicable law.

6.10 Assignability. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs (in the case of the Executive) and assigns. No rights or obligations of the Company or the Parent under this Agreement may be assigned or transferred by the Company or the Parent except: (i) in the case of a "Permitted Assignment"; and (ii) such rights or obligations may be assigned or transferred pursuant to a merger, amalgamation, reorganization, continuance or consolidation in which the Company or the Parent, as applicable, is not the continuing entity, or the sale or liquidation of all or substantially all of the assets of the Company or the Parent, as applicable, provided that the assignee or transferee is the successor to all or substantially all of the assets of the Company or the Parent, as applicable, and such assignee or transferee assumes the liabilities, obligations and duties of the Company or the Parent, as applicable, as contained in this Agreement, either contractually or as a matter of law. The Company and the Parent each further agree that, in the event of a sale of assets or liquidation as described in the preceding sentence, other than in the case of Permitted Assignment, it shall take whatever action it legally can in order to cause such assignee or transferee to expressly assume the liabilities, obligations and duties of the Company or the Parent, as applicable, hereunder. No rights or obligations of the Executive under this Agreement may be assigned or transferred by the Executive other than with the prior written consent of the Company and the Parent.

6.11 Authorization. The Company and the Parent each represent and warrant that they are fully authorized and empowered to enter into this Agreement and perform its obligations hereunder, which performance will not violate any agreement between the Company or the Parent, as applicable, and any other person, firm or organization nor breach any provisions of its constating documents or governing legislation.

6.12 Amendment or Waiver. No provision in this Agreement may be amended unless such amendment is agreed to in writing and signed by the Executive and an authorized officer of the Company and the Parent (other than the Executive). No waiver by either party hereto of any breach by the other party hereto of any condition or provision contained in this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or subsequent time. Any waiver must be in writing and signed by the Executive or an authorized officer of the Company and the Parent (other than the Executive), as the case may be.

6.13 Governing Law and Venue. This Agreement shall be construed and interpreted in accordance with the laws of laws of the State of California and the federal law of the United States applicable therein. Each of the parties hereby irrevocably attorns to the exclusive jurisdiction of the courts located in Los Angeles, California with respect to any matters arising out of this Agreement.

6.14 Notices. Any notices required or permitted to be given under this Agreement will be in writing and will be deemed to be sufficiently given if delivered in person or courier, transmitted by email or sent by regular mail, and

(a) in the case of the Parent:

Suite 302 - 1620 West 8th Avenue
Vancouver, British Columbia, V6J 1V4
Attention: Chief Financial Officer
E-
mail:

(b) in the case of the Company:

6701 Center Drive Suite 480
Los Angeles, California 90045
USA
Attention: Chief Financial Officer
E-mail:

(c) in the case of the Executive:

to the last address of the Executive in the records of the Company or the Parent or any of their subsidiaries or to such other address as the parties may from time to time specify by notice given in accordance herewith.

Any notice so given will be deemed to be received on the date of delivery by person or by courier or transmission by email or on the fifth (5^{th}) business day following the date of mailing.

6.15 409A Compliance. This Agreement is intended not to result in the imposition of any tax, interest charge or other assessment, penalty or addition under Section 409A of the Internal Revenue Code ("Section 409A"). All terms and conditions of this Agreement are intended, and shall be interpreted and applied to the greatest extent possible in such manner as may be necessary, to exclude any compensation and benefits provided by this Agreement from the definition of "deferred compensation" within the meaning of Section 409A or to comply with the provisions of Section 409A and any rules, regulations or other regulatory guidance issued under Section 409A. For purposes of determining the timing of any payment under Article IV, "Date of Termination" shall mean the date on which the Executive incurs a "separation from service" as such term is defined for purposes of Section 409A. Each payment schedule set forth in this Agreement is intended to be exempt from or to comply with the requirements of Section 409A and shall be interpreted consistently therewith. Each payment in any series of payments that may be provided under this Agreement shall be considered a separate payment for purposes of Section 409A. In order to comply with Section 409A, (i) in no event shall any expense reimbursement payments under Section 3.6(e) or otherwise be made later than the end of the calendar year next following the calendar year in which such expenses were incurred, and the Executive shall be required to have submitted substantiation for such expenses at least ten (10) days before the last date for payment, (ii) the amount of such expenses to be paid in any given calendar year shall not affect the expenses to be paid in any other calendar year, and (iii) the Executive's right to payment of such expenses may not be liquidated or exchanged for any other benefit. Notwithstanding any other provision in this Agreement, solely to the extent that a delay in payment is required in order to avoid the imposition of any tax under Section 409A, if a payment obligation under this Agreement arises on account of the Executive's "separation from service" (within the meaning of Section 409A of the Code) while the Executive is a "specified employee" (as determined for purposes of Section 409A(a)(2)(B) of the Code), then payment of any amount or benefit provided under this Agreement that is considered to be non-qualified deferred compensation for purposes of Section 409A of the Code and that is scheduled to be paid within six (6) months after such separation from service shall be paid without interest on the first business day after the date that is six (6) months following the Executive's separation from service.

6.16 Independent Legal Advice. The Executive hereby represents and warrants to the Company and the Parent and acknowledges and agrees that he had the opportunity to seek, was not prevented nor discouraged by the Company or the Parent from seeking and did obtain, or elected not to obtain, independent legal advice prior to the execution and delivery of this Agreement.

6.17 Severability. If any provision contained herein is determined to be void or unenforceable for any reason, in whole or in part, it shall not be deemed to affect or impair the validity of any other provision contained herein and the remaining provisions shall remain in full force and effect to the fullest extent permissible by law.

6.18 Entire Agreement. This Agreement and the schedules and the recitals hereto contains the entire understanding and agreement between the parties concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the parties with respect thereto.

6.19 Currency. Unless otherwise specified herein all references to dollar or dollars are references to U.S. dollars.

6.20 Further Assurances. Each of the Executive, the Company and the Parent will do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents and things as the Executive, the Company or the Parent may require for the purposes of giving effect to this Agreement.

6.21 Counterparts/Facsimile Execution. This Agreement may be executed in any number of counterparts, each of which when delivered, either in original, electronic or facsimile form, shall be deemed to be an original and all of which together shall constitute one and the same document.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

VERSUS SYSTEMS, INC.

By: /s/ Matthew Pierce
Name: Matthew Pierce
Title: Chief Executive Officer

VERSUS LLC

By: /s/ Matthew Pierce
Name: Matthew Pierce
Title: Chief Executive Officer

SIGNED, SEALED and DELIVERED)
by **CRAIG CHARLES FINSTER**)
in the presence of:)
)
/s/ Yona Warmin)
Witness)

6701 Center Drive W, Suite 480 Los Angeles, CA)
Address)
)
)
Office Manager)
Occupation

/s/ Craig Charles Finster
CRAIG CHARLES FINSTER

SCHEDULE A

EXECUTIVE'S DUTIES

Management of all matters relating to the operations of the Company and the Parent, including:

1. Performance of the duties normally associated with the office of Chief Financial Officer and President;
2. Supervision of investor relations and corporate information dissemination;
3. Participation in the development of strategy, policies and programs for review and approval by the Board;
4. The review and assessment of business opportunities presented to the Company and the Parent;
5. Preparation of business plans as required from time to time for review and approval by the Board;
6. Monitoring and control of the operations of the Company and the Parent; and
7. Performance of such other duties consistent with the Executive's position which the Board shall, from time to time, reasonably direct.

SCHEDULE B

PERFORMANCE MILESTONES

CRAIG CHARLES FINSTER

NONE

SCHEDULE C

CASH BONUS MILESTONES

CRAIG CHARLES FINSTER

The Executive shall receive a cash bonus in an amount set forth below, in accordance with the EBITDA attained in the then-current fiscal year:

Performance Milestone	**Cash Bonus**
The Company generating EBITDA of at least US$1 million within the then current fiscal year.	50% of Base Salary
The Company generating EBITDA of at least US$2 million within the then current fiscal year.	100% of Base Salary
The Company generating EBITDA of at least US$4 million within the then current fiscal year.	200% of Base Salary

SCHEDULE D

NONE

SCHEDULE E

STOCK OPTIONS

CRAIG FINSTER

1. On the Effective Date, subject to the Company's stock option plan, the Executive shall be entitled to receive 100,000 options to purchase common shares in the capital of the Company at the market price per common share on the day of grant which such options shall vest and become exercisable in accordance with the following dates:

a. 34,000 options vest and become exercisable on the Effective Date;
b. 33,000 options vest and become exercisable one year from the Effective Date; and
c. 33,000 options vest and become exercisable two years from the Effective Date.

Exhibit 10.5

EMPLOYMENT AGREEMENT

THIS AGREEMENT dated for reference the 1st day of May, 2020.

BETWEEN:

VERSUS SYSTEMS, INC., a company incorporated under the laws of the Province of British Columbia, Canada, and having its registered and records office at Suite 302 – 1620 West 8th Avenue, Vancouver, British Columbia, V6J 1V4

(the "**Parent**")

AND:

KEYVAN PEYMANI, a businessman, of 29019 Catherwood Ct Agoura Hills, California

(the "**Executive**")

AND:

VERSUS LLC, a limited liability company formed under the laws of the State of Nevada, United States, and having its registered and records office at Suite 480, 6701 Center Drive West, Los Angeles, California USA 90045

(the "**Company**")

WHEREAS:

A. The Company is engaged in the business of developing software to enable prizing and real-rewards in online gaming, video, and other applications;

B. The Company recognizes that the Executive has acquired special skills and experience relating to the Company's business and desires to employ the Executive as the Executive Chairman of the Board in a full-time capacity as of the Effective Date (hereinafter defined); and

C. Both the Company and the Executive wish to formally agree to the terms and conditions of the Executive's employment with the Company and the terms and conditions that will, in certain circumstances hereinafter set forth, govern in the event of a termination of the employment of the Executive by the Company.

NOW THEREFORE in consideration of the premises hereof and of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereby covenant and agree as follows:

ARTICLE I
RECITALS

1.1 Recitals. The parties hereby represent and warrant that the above recitals are true and correct.

ARTICLE II
INTERPRETATION

2.1 Headings. The headings of the Articles, Sections and subsections herein are inserted for convenience of reference only and shall not affect the meaning or construction hereof.

2.2 Definitions. For the purposes of this Agreement, the following terms shall have the following meanings, respectively:

(a) "Accrued Benefits" has the meaning ascribed to such term in subsection 4.1(b)(iv) hereof;

(b) "Agreement" means this Employment Agreement and all schedules and amendments hereto;

(c) "Annual Bonus" has the meaning ascribed to such term in Section 3.6(a) hereof;

(d) "Base Salary" has the meaning ascribed to such term in Section 3.6(a) hereof;

(e) "Board" means the board of Directors of the Parent;

(f) "Business Records" means all business and financial records of or relating to the Company or the Parent or the Company's or the Parent's business, as applicable (whether or not recorded on computer) including but not limited to customer lists, lists of suppliers, surveys plans and specifications, information about personnel, purchasing and internal cost information, operating manuals, engineering standards and specifications, marketing and development plans, price and cost data, price and fee amounts, pricing and billing policies, quoting procedures, marketing techniques and methods of obtaining business, forecasts and forecast assumptions and volumes, and future plans and potential strategies, contracts and their contents, customer or client services, data provide by customers or clients and the type, quantity and specifications of products and services purchased, leased, licensed or received by customers or clients of the Company or any subsidiary of the Company;

(g) "Change of Control" means the occurrence of any of the following events:

(i) the receipt by the Parent of an insider report or other statement filed in accordance with the applicable securities legislation of a relevant jurisdiction indicating that any person: (a) has become the beneficial owner, directly or indirectly, of securities of the Parent representing more than 50% of the Common Shares; or (b) has sole and/or shared voting, or dispositive, power over more than 50% of the Common Shares; or

(ii) a change in the composition of the Board occurring within a two-year period prior to such change, as a result of which fewer than a majority of the Directors are Incumbent Directors. "Incumbent Directors" shall mean Directors who are either: (a) Directors of the Parent as of the Effective Date; or (b) elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Directors who had been Directors at the Effective Date or two (2) years prior to such change and who were still in office at the time of such election or nomination; or

(iii) the solicitation of a dissident proxy, or any proxy not approved by the Incumbent Directors, the purpose of which is to change the composition of the Board with the result, or potential result, that fewer than a majority of the Directors will be Incumbent Directors; or

(iv) the consummation of a merger, amalgamation or consolidation of the Company or the Parent with or into another entity or any other corporate reorganization, if more than fifty percent (50%) of the combined voting power of the continuing or surviving entity's securities outstanding immediately after such merger, amalgamation, consolidation or reorganization are owned by persons who were not shareholders of the Company or the Parent, as applicable, immediately prior to such merger, amalgamation, consolidation or reorganization; or

(v) the commencement by an entity, person or group (other than the Company or the Parent or a wholly owned subsidiary of the Company or the Parent) of a tender offer, an exchange offer or any other offer or bid for more than 50% of the Common Shares; or

(vi) the consummation of a sale, transfer or disposition by the Company or the Parent of all or substantially all of the assets of the Company or the Parent as applicable; or

(vii) the commencement of any proceeding by or against the Company or the Parent seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of the Company or the Parent or their debts, under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or for the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property; or

(viii) the approval by the shareholders of the Company or the Parent of a plan of complete liquidation or dissolution of the Company or the Parent, as applicable.

In the case of the occurrence of any of the events set forth in subsection 2.2(g)(vii), a Change of Control shall be deemed to occur immediately prior to the occurrence of any such events. An event shall not constitute a Change of Control if its sole purpose is to change the jurisdiction of the Company's or the Parent's, as applicable, organization or to create a holding company, partnership or trust that will be owned in substantially the same proportions by the persons who held the Company's or the Parent's, as applicable, securities immediately before such event. Additionally, a Change of Control will not be deemed to have occurred, with respect to the Executive, if the Executive is part of a purchasing group that consummates the Change of Control event;

(h) "Common Shares" means the issued and outstanding common shares of the Parent;

(i) "Compensation and Corporate Governance Committee" means the independent committee of the Board consisting of two or more Directors, not employed by the Company or the Parent and each of whom is a disinterested Director, which committee is responsible for making any and all decisions to award stock options to officers of the Company, and in the event the Parent does not have a Compensation and Corporate Governance Committee all references herein to Compensation and Corporate Governance Committee shall be deemed to refer to the Board as a whole;

(j) "Confidential Information" means all information and facts (including Intellectual Property and Business Records) relating to the business or affairs of the Company and the Parent and the subsidiaries of the company or its respective customers, clients or suppliers that are confidential or proprietary, whether or not such information or facts: (i) are reduced to writing; (ii) were created or originated by an employee; or (iii) are designated or marked as "confidential" or "proprietary" or some other designation or marking. For greater certainty, Confidential Information includes, but is not limited to:

(i) product resulting from or relating to work or projects performed or to be performed by an employee, including but not limited to interim and final lines of inquiry, hypotheses, research and conclusions and the methods, processes, procedures, analyses, techniques and audits used in connection with research and conclusions;

(ii) computer software of any type or form and in any state of actual or anticipated development, including but not limited to, programs and program modules, routines and subroutines, procedures, algorithms, design concepts, design specifications (design notes, annotations, documentation, flowcharts, coding sheets, and the like), source code, object code and load modules, programming, program patches and system designs;

(iii) all information which becomes known to an employee as a result of the employee's employment by the Company, which the employee, acting reasonably, believes or ought to believe is confidential or proprietary information from its nature, or from the circumstances surrounding its disclosure to the employee;

provided that with respect to the employment of the Executive by the Company, Confidential Information does not include the general skills and experience gained during the Executive's employment or engagement with the Company or the Parent or any of the Company's or the Parent's subsidiaries which the Executive could reasonably have been expected to acquire in similar employment or engagements with other employers; and provided further, that Confidential Information does not include information that s available to the public or in the public domain at the time of such disclosure or use, without breach of this Agreement;

(k) "Date of Termination" means the date of termination of the Executive's employment with the Company;

(l) "Directors" means the directors of the Parent, and "Director" means any one of them.

(m) "Disability" shall mean the Executive's failure to substantially perform his material duties for the Company on a full-time basis for six (6) consecutive months as a result of physical or mental incapacity;

(n) "Disability Termination" has the meaning ascribed thereto in Section 4.1 hereof;

(o) "Discretionary Bonus" has the meaning ascribed to such term in Section 3.6(a) hereof;

(p) "EBITDA" means earnings from continuing operations before interest, income taxes, depreciation, amortization and stock based compensation;

(q) "Effective Date" means the date of this Agreement appearing at the head of the first page of this Agreement;

(r) "Good Reason" means, without the written consent of the Executive, the occurrence of any of the following events:

(i) any material reduction or diminution (except temporarily during any period of physical or mental incapacity or disability of the Executive) in the Executive's authority, duties or responsibilities with the Company (including any position or duties as a Director of the Company and the failure to re-elect the Executive as a Director and to the Board), it being acknowledged that, in the event any entity becomes the owner, directly, indirectly, beneficially or otherwise of more than fifty percent (50%) of the Common Shares, it shall be Good Reason if the Executive is not the Executive Chairman of the Board of such entity;

(ii) a breach by the Company or the Parent of any material provision of this Agreement, including, but not limited to, a breach of the obligations of the Company or the Parent, as applicable, under Sections 3.6, or any failure to timely pay any part of the Executive's compensation or issue any part of the Executive's incentive equity awards hereunder, including, without limitation, the Executive's Base Salary, Annual Bonus, Discretionary Bonus, Stock Options, Performance Warrants, Performance Cash Bonus and any other bonuses payable to him or to materially provide, in the aggregate, the level of benefits contemplated herein;

(iii) the failure of the Company or the Parent, as applicable, to obtain and deliver to the Executive a written agreement, in the form satisfactory to the Executive acting reasonably, to be entered into with any successor, assignee or transferee of the Company or the Parent, as applicable, to assume and agree to perform this Agreement hereof, other than in the case of a Permitted Assignment; and

(iv) the relocation of the Executive by the Company to a place other than that is more than thirty-five (35) miles from the location at which he performed his duties for the Company immediately prior to such relocation, except for required travel on the Company's business to an extent substantially consistent with the Executive's business obligations to the Company.

(s) "Incumbent Directors" has the meaning ascribed thereto in subsection 2.2(g)(ii);

(t) "IFRS" means the International Financial Reporting Standards, as amended, as issued by the International Accounting Standards Board;

(u) "Intellectual Property" means means all intellectual property including but not limited to trade marks and trade mark applications, trade names, certification marks, patents and patent applications, copyrights, know-how, formulae, processes, inventions, technical expertise, research data, trade secrets, industrial designs and other similar property, and all registrations and applications for registration thereof, and includes computer software, formulae, processes, patterns, discoveries, devices or compilations of information (including production data, technical and engineering data, test data and test results, and the status and details of research and development of products and services);

(v) "Just Cause" means the occurrence of any of the following events:

(i) serious misconduct, dishonesty or disloyalty of the Executive directly related to the performance of his duties for the Company which results from a willful act or omission or from gross negligence and which is materially injurious to the operations, financial condition or business reputation of the Company or the Parent;

(ii) willful and continued failure by the Executive to substantially perform his duties under this Agreement (other than any such failure resulting from his incapacity due to physical or mental disability or impairment); or

(iii) any other material breach of this Agreement by the Executive;

For purposes of this Agreement, no act, or failure to act, by the Executive shall be "willful" unless it is done, or omitted to be done, in bad faith and without a reasonable belief that the act or omission was in the best interests of the Company or the Parent, as applicable;

(w) "Performance Cash Bonus" has the meaning ascribed to such term in Section 3.6(a) hereof;

(x) "Performance Warrants" has the meaning ascribed to such term in Section 3.6(a) hereof;

(y) "Permitted Assignment" means an assignment by the Company or the Parent of the rights and obligations of the Company or the Parent, as applicable, contained in this Agreement to a wholly-owned subsidiary of the Company or the Parent, resident in Canada or the United States, provided that the Company or the Parent, as applicable, is not, as a result of such assignment, relieved of its liabilities, obligations and duties under this Agreement;

(z) "Prime Rate" means the rate of interest expressed as a rate per annum that the Royal Bank of Canada, at its main branch in Vancouver, British Columbia, establishes and announces from time to time as the reference rate of interest that it will charge for Canadian dollar demand loans to its customers in Canada and which it refers to as its "prime rate";

(aa) "Prorated Bonus" has the meaning ascribed to such term in Section 4.1(c) hereof; and

(bb) "Stock Options" has the meaning ascribed to such term in Section 3.6(a) hereof.

ARTICLE III
TERMS AND CONDITIONS OF EMPLOYMENT

3.1 Employment. The Company does hereby employ the Executive to serve, full time, as its Executive Chairman of the Board, and the Executive hereby accepts such employment by the Company, as of the Effective Date, all upon and subject to the terms and conditions of this Agreement. The Executive agrees to serve, at no additional remuneration, in such other executive capacities and to assume such responsibilities and perform such duties consonant with his position as an executive of the Company and the Parent as the Board may require and assign to him from time to time, including with subsidiaries of the Company or the Parent.

3.2 Duties and Functions. The Executive shall be responsible to and shall report to the Board. The Executive's duties shall include those duties set forth in Schedule A hereto and any other duties consistent with the Executive's position in the Company and the Parent. The Board may vary the conditions, duties and services provided by the Executive from time to time according to the operational and other needs of the business of the Company and the Parent, provided that his duties will reasonably reflect the responsibilities conferred by this Agreement. The Company expects the Executive to produce timely and good quality work, acting in a competent, trustworthy and loyal manner. The Executive agrees to carry out, using his reasonable best efforts and in a manner that will promote the interests of the business of the Company and the Parent, such duties and functions as the Board may request from time to time.

3.3 Orders of Board. The Executive shall always act in accordance with any reasonable decision of and obey and carry out all lawful and reasonable orders given to him by the Board.

3.4 Time and Energy. Unless prevented by ill health, or physical or mental disability or impairment, the Executive shall, during the term hereof, devote sufficient business time, care and attention to the business of the Company and the Parent in order to properly discharge his duties hereunder. It is acknowledged and agreed that the Executive is currently, and will continue to act as, a director, trustee, officer, shareholder or investor in other businesses, ventures, entities, institutions and organizations during the term of this Agreement and may devote time, care and attention thereto so long as his doing so does not materially adversely affect the ability of the Executive to devote sufficient time and energy to properly discharge his duties hereunder.

3.5 Faithful Service. The Executive shall well and faithfully serve the Company and the Parent and use his reasonable efforts to promote the interests thereof and shall not use for his own purposes, or for any purposes other than those of the Company and the Parent, any non-public information he may acquire with respect to the business, affairs and operations of the Company and the Parent.

3.6 Compensation. During the term of this Agreement, and any extension thereof, the Company or the Parent, as applicable shall pay and provide the Executive the following:

(a) Cash Compensation. As compensation for his services to the Company and the Parent, the Executive shall receive a base salary (the "Base Salary") and in addition to the Base Salary shall receive (i) an annual cash bonus of twenty-five percent (25%) of Base Salary (the "Annual Bonus"), and (ii) an annual cash bonus in accordance with EBITDA achievement in the relevant fiscal year as set forth in Schedule C hereto (the "Performance Cash Bonus"). As of the Effective Date, the Executive's annualized Base Salary shall be USD$160,000. In addition to the Base Salary, Annual Bonus and any Performance Cash Bonus, the Executive shall be eligible to receive in respect of each fiscal year (or portion thereof) additional variable cash compensation in an amount determined in accordance with any bonus, profit sharing or short term incentive compensation program which may be established by the Board either for the Executive or for senior officers of the Company or the Parent (the "Discretionary Bonus"). During the term of this Agreement the Compensation and Corporate Governance Committee shall review the Executive's Base Salary, Annual Bonus and Discretionary Bonus then in effect at least annually to ensure that such amounts are competitive with awards granted to similarly situated executives of publicly held companies comparable to the Parent and shall increase such amounts as the Compensation and Corporate Governance Committee may approve. The Compensation and Corporate Governance Committee shall not reduce the Executive's Base Salary or Annual Bonus except as set forth herein. The Executive's Base Salary, Annual Bonus and Discretionary Bonus shall be payable in accordance with the Company's normal payroll practices, as applicable. The Executive's Annual Bonus, Performance Cash Bonus and Discretionary Bonus each shall be payable on the Company's next regular payroll date following its determination, but in no event later than March 15 of the calendar year following the calendar year with respect to which it is earned. The Executive's Base Salary, Annual Bonus, Discretionary Bonus and Performance Cash Bonus shall be subject to deductions in respect of statutory remittances, including, without limitation, deductions for income tax, Social Security premiums and employment insurance premiums. No increase in the Executive's Base Salary, Annual Bonus, Discretionary Bonus or Performance Cash Bonus, and no amount of issuances of Performance Warrants or Stock Options, shall be used to offset or otherwise reduce any obligations of the Company and the Parent to the Executive hereunder or otherwise.

(a) Equity Compensation. As additional compensation for his services to the Company and the Parent, the Executive shall receive additional variable equity compensation in the form of (i) zero common share purchase warrants, which shall vest in accordance with the achievement of certain performance milestones or service dates all as set forth in Schedule B hereto (the "Performance Warrants"), and (ii) 100,000 incentive options to purchase Common Shares of the Parent ("Stock Options"), which shall vest in accordance with the timing set forth in Schedule E attached hereto. Each of the Company, Parent and the Executive acknowledges, as applicable, that as payment for the services hereunder is in part to be made in Stock Options and Performance Warrants of the Parent, a public corporation currently listed on the Canadian Securities Exchange, payment hereunder must at all times be made in accordance with and are subject to the rules and regulations of the Canadian Securities Exchange or such other exchange as the Common Shares of the Parent are listed from time to time and in accordance with and are subject to applicable securities laws and the Performance Warrant and Stock Option payment provisions contained in Schedule B and Schedule "E" hereto, respectively, shall be deemed modified to the extent that they are inconsistent with the rules and regulations of the Canadian Securities Exchange or such other exchange as the Common Shares of the Parent are listed from time to time and all applicable securities laws.

(b) Employee Benefits. The Executive shall, to the extent eligible, be entitled to participate at a level commensurate with his position in all of the Company's or the Parent's, as applicable, employee benefit, welfare and retirement plans and programs, as well as equity plans (if any), provided by the Company or the Parent, as applicable, to its senior officers in accordance with the terms thereof as in effect from time to time. Nothing herein shall obligate the Company or the Parent to establish any employee benefit, welfare, retirement or equity plan or program.

(c) Perquisites. The Company shall provide the Executive, at the Company's cost, with all perquisites which other senior officers of the Company are entitled to receive and such other perquisites which are suitable to the character of the Executive's position with the Company and adequate for the performance of his duties hereunder. To the extent legally permissible under applicable laws, the Company shall not treat such amounts as income to the Executive.

(d) Business and Entertainment Expenses. Upon submission of appropriate documentation in accordance with its policies in effect from time to time, the Company shall pay or reimburse the Executive for all business expenses which the Executive incurs in the performance of his duties under this Agreement, including, but not limited to, travel, entertainment, professional dues and subscriptions, and all dues, fees, and expenses associated with membership in various professional, business, and civic associations and societies in which the Executive participates in accordance with the Company's policies in effect from time to time.

(e) Flexible Time Off. The Executive shall be entitled to paid time off in accordance with the standard written policies of the Company with regard to its senior officers, but in no event less than twenty (20) days per calendar year not including, and in addition to, weekends and statutory holidays.

3.7 Term. Subject to the terms of Article IV hereof, this Agreement shall remain in force for a minimum period of twenty-four (24) months from the Effective Date (for the purposes of this Section 3.7, the "Original Term"). In the event that the Company does not deliver written notice to the Executive, not later than six (6) months prior to the expiration of the Original Term, that the Company does not wish to renew this Agreement, the term hereof shall renew automatically for an additional period of twelve (12) months from the expiration of the Original Term. Thereafter, it shall automatically renew for successive periods of twelve (12) months unless the either party provides notice to the other party that it does not wish to renew a successive period at least six (6) months prior to any such successive twelve (12) month period.

3.8 Amounts Payable considered Debt. All amounts payable by the Company or the Parent, as applicable, under this Agreement shall constitute a debt owing by the Company or the Parent, as applicable, to the Executive.

ARTICLE IV
OBLIGATIONS OF THE COMPANY AND THE PARENT UPON TERMINATION

4.1 Death or Disability. The Company may terminate the Executive's employment in the event the Executive has been unable to perform his material duties hereunder because of Disability by giving the Executive notice of such termination while such Disability continues (a "Disability Termination"). The Executive's employment shall automatically terminate on the Executive's death. In the event the Executive's employment with the Company terminates during the term of this Agreement by reason of the Executive's death or as a result of a Disability Termination, then upon and immediately effective as of the Date of Termination:

(a) the Executive shall be fully and immediately vested in his unvested Stock Options, Performance Warrants and any other options or equity awards granted by the Parent to the Executive, that are unvested on the Date of Termination so that such Stock Options, Performance Warrants and equity awards are fully and immediately exercisable by the Executive;

(b) the Company shall promptly pay and provide the Executive (or in the event of the Executive's death, the Executive's estate):

(i) any unpaid Base Salary and any outstanding and accrued regular and special vacation pay through the Date of Termination;

(ii) any unpaid Annual Bonus, Discretionary Bonus, Performance Cash Bonus and other bonuses accrued with respect to the fiscal year ending on or preceding the Date of Termination;

(iii) reimbursement for any unreimbursed expenses incurred through to the Date of Termination; and

(iv) all other payments, benefits or fringe benefits to which the Executive may be entitled subject to and in accordance with the terms of any applicable compensation arrangement or benefit, equity or fringe benefit plan or program or grant, if any, (the payments referred to herein in subsections 4.1(b)(i) to 4.1(b)(iv) shall, collectively, be referred to as "**Accrued Benefits**"); and

(c) the Company shall pay to the Executive (or in the event of the Executive's death, the Executive's estate) immediately upon the Date of Termination, or, if not determinable at such time, no later than the time specified in Section 3.6(a), a *pro rata* Annual Bonus, Performance Cash Bonus and Discretionary Bonus equal to the amount the Executive would have received if his employment continued (without any discretionary cutback) multiplied by a fraction where the numerator is the number of days in each respective bonus period prior to the Executive's termination and the denominator is the number of days in the bonus period (the "Prorated Bonus").

4.2 Termination for Just Cause. The Company may terminate the Executive's employment for Just Cause. In the event that the Executive's employment with the Company is terminated during the term of this Agreement by the Company for Just Cause, the Executive shall not be entitled to any additional payments or benefits hereunder, other than the Accrued Benefits (including, but not limited to, any then vested Stock Options or other options, equity grants or Performance Warrants) and the Prorated Bonus, each of which the Company or the Parent, as applicable, shall pay or provide to the Executive immediately upon the Date of Termination, or, for any amount not determinable at such time, no later than the time specified in Section 3.6(a).

Notwithstanding the foregoing, no event shall constitute or be deemed the basis for termination of the Executive's employment for Just Cause unless the Executive is terminated therefor within ninety (90) days after such event is known to the Chairman of the Parent, or, if the Executive is the Chairman, known to a majority of the Board (other than the Executive) and the Executive shall not be deemed to have been terminated for Just Cause without:

(a) advance written notice received by the Executive not less than thirty (30) days prior to the Date of Termination setting forth the Company's intention to consider terminating the Executive and including a statement of the proposed Date of Termination, the basis for such consideration of termination for Just Cause and demanding that the Executive remedy the event, conduct, condition, act or omission that is the basis for such consideration of termination for Just Cause set forth in such notice (the "Just Cause Event") within thirty (30) days of receipt of such notice by the Executive;

(b) an opportunity for the Executive, together with his counsel, to be heard before the Board at least ten (10) days after the giving of such notice and at least ten (10) days prior to the proposed Date of Termination;

(c) the failure on the part of the Executive to remedy the Just Cause Event within thirty (30) days from receipt of such notice, or any extension thereof granted by the Board, or the failure on the part of the Executive to take all reasonable steps to that end during such thirty (30) day period, or any extension thereof;

(d) a duly adopted resolution of the Board stating that in accordance with the provisions of the next to the last sentence of this Section 4.2 that the actions of the Executive constituted Just Cause; and

(e) written determination provided by the Board setting forth the acts and omissions that form the basis of such termination of employment. Any determination by the Board hereunder shall be made by the affirmative vote of at least a two-thirds (2/3) majority of all of the directors of the Board (other than the Executive). Any purported termination of employment of the Executive by the Company which does not meet each and every substantive and procedural requirement of this Section 4.2 shall be treated for all purposes under this Agreement as a termination of employment without Just Cause.

4.3 Voluntary Termination for Good Reason; Involuntary Termination Other Than for Just Cause. The Executive may terminate his employment with the Company for Good Reason by giving the Company written notice of the Good Reason event within ninety (90) days after the occurrence of the Good Reason event and providing the Company a period of thirty (30) days after receipt of written notice from the Executive to cure such Good Reason Event. If the Company does not cure such Good Reason event within such thirty (30) day period, Executive's employment will terminate for Good Reason on the last day of such thirty (30) day period. If the Executive's employment with the Company is voluntarily terminated by the Executive for "Good Reason" or is involuntarily terminated by the Company other than for "Just Cause", then the Company shall pay or provide the Executive with the following:

(a) any Accrued Benefits;

(b) a severance amount equal to the sum of (w) twelve (12) months of the Executive's then current Base Salary; (x) the Executive's maximum Discretionary Bonus for the then-current fiscal year; (y) the Executive's Annual Bonus for the prior fiscal year; and (z) the maximum Performance Cash Bonus provided on Schedule C for the then-current fiscal year; which sum shall be paid to the Executive in full in a single lump sum cash payment; and

(c) the Executive shall be fully and immediately vested in his unvested Stock Options, Performance Warrants and any other options or equity awards granted by the Parent to the Executive so that such Stock Options, options and equity awards are fully and immediately exercisable by the Executive.

4.4 Without Good Reason. The Executive may terminate his employment at any time without Good Reason by written notice to the Company and the Parent. In the event that the Executive's employment with the Company is terminated during the term of this Agreement by the Executive without Good Reason, the Executive shall not be entitled to any additional payments or benefits hereunder, other than Accrued Benefits (including, but not limited to, any then vested Stock Options, or other options, equity grants, or Performance Warrants), the Prorated Bonus and the Performance Cash Bonus, if any, to which the Executive is entitled in accordance with Company's EBITDA as of the Date of Termination, each of which the Company shall pay or provide to the Executive immediately upon the Date of Termination, or, for any amount not determinable at such time, no later than the time specified in Section 3.6(a).

4.5 Change of Control Vesting Acceleration. In the event of a "Change of Control", immediately effective as of the date of such Change of Control, the Executive shall be fully and immediately vested in his unvested Stock Options, Performance Warrants and any other options or equity awards granted by the Company to the Executive, that are unvested as of such date so that such Stock Options, Performance Warrants, other options and equity awards are fully and immediately exercisable by the Executive. Furthermore, the Company shall pay the Executive immediately upon the date of the Change of Control the maximum Performance Bonus provided on Schedule C for the then-current fiscal year, in addition to any amounts that the Executive may be entitled to receive as a result of his termination of employment or any other event.

ARTICLE V
INDEMNIFICATION

5.1 Indemnification. The Company and the Parent hereby covenant and agree, jointly and severally, that if the Executive is made a party, or is threatened to be made a party, to any action, suit or proceeding, whether civil, criminal, administrative or investigative of any nature whatsoever (a "Proceeding"), by reason of, or as a result of, the fact that he is or was an officer, employee, trustee or agent of the Company or the Parent or is or was serving at the request of the Company or the Parent as a trustee, director, officer, member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether or not the basis of such Proceeding is the Executive's alleged action in an official capacity while serving as an officer, employee, trustee or agent of the Company or the Parent, the Executive shall be indemnified and held harmless by the Company and the Parent to the fullest extent legally permitted or authorized by the Company's and the Parent's constating documents or, if greater, by applicable federal, state or provincial legislation, against all costs, expenses, liability and losses of any nature whatsoever (including, without limitation, attorney's fees, judgments, fines, interest, taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by the Executive in connection therewith (collectively, the "Indemnification Amounts"), and such indemnification shall continue as to the Executive even if he has ceased to be an officer, director, employee, trustee or agent of the Company or the Parent or other entity and shall inure to the benefit of the Executive's heirs, executors and administrators.

5.2 Standard of Conduct. Neither the failure of the Company, the Parent or the Board to have made a determination prior to the commencement of any proceeding concerning payment of amounts claimed by the Executive under Section 5.1 hereof that indemnification of the Executive is proper because he has met the applicable standard of conduct, nor a determination by the Company, the Parent or the Board that the Executive has not met such applicable standard of conduct, shall create a presumption that the Executive has not met the applicable standard of conduct.

ARTICLE VI
GENERAL

6.1 Non-Solicitation of Employees. The Executive acknowledges and agrees that during the period of his employment with the Company and for a period of twelve (12) months following termination or resignation of employment with the Company for any reason whatsoever, he will not, directly or indirectly, solicit or attempt to induce any officer, employee, contractor, agent or consultant of the Company or the Parent or any of their subsidiaries away from employment with the Company or the Parent, as applicable, whether or not such person would commit a breach of contract by reason of leaving the Company or the Parent, as applicable.

6.2 Confidentiality. All Confidential Information of the Company and the Parent, their subsidiaries, and their respective customers and clients, whether it is developed by the Executive during the period employed by the Company or by others employed or engaged by or associated with the Corporation or any of its subsidiaries, is the exclusive property of the Company or the Parent, as applicable, or any of their subsidiaries or their respective customers or clients, and shall at all times be regarded, treated and protected as such, as provided in this Agreement.

(a) As a consequence of the acquisition of Confidential Information, the Executive will occupy a position of trust and confidence with respect to the affairs and business of the Company, the Parent, their subsidiaries, and their customers and clients. In view of the foregoing, the Executive agrees that it is reasonable and necessary for the Executive to make the following covenants regarding the Executive's conduct during and subsequent to his period of employment with the Company.

(i) The Executive shall not disclose Confidential Information of the Company or the Parent, their subsidiaries, or their respective customers or clients to any person (other than as necessary in carrying out the Executive's duties on behalf of the Corporation) at any time during or subsequent to his period of employment with the Company without first obtaining the Company's or the Parent's consent, as applicable, and the Executive shall take all reasonable precautions to prevent inadvertent disclosure of any such Confidential Information. This prohibition includes, but is not limited to, disclosing or confirming the fact that any similarity exists between such Confidential Information and any other information.

(ii) The Executive shall not use, copy, transfer or destroy any Confidential Information of the Company, the Parent, their subsidiaries, or their respective customers or clients (other than as necessary in carrying out the Executive's duties on behalf of the Company and the Parent) at any time during or subsequent to his period of employment with the Company without first obtaining the Company's or the Parent's consent, as applicable, and the Executive shall take all reasonable precautions to prevent inadvertent use, copying, transfer or destruction of any such Confidential Information. This prohibition includes, but is not limited to, licensing or otherwise exploiting, directly or indirectly, any products or services which embody or are derived from such Confidential Information or exercising judgment or performing analysis based upon knowledge of such Confidential Information.

(iii) Within five days after the termination of the Executive's employment by the Company on any basis, or of receipt by the Executive of the Company's or the Parent's written request, the Executive shall promptly deliver to the Company or the Parent, as applicable, all property of or belonging to or administered by the Company, the Parent or any of their subsidiaries including without limitation all Confidential Information of the Company, its subsidiaries and their respective customers and clients that is embodied in any way, whether physical, or in electronic, magnetic, optical or other ephemeral form, and that is in the Executive's possession or under the Executive's control.

(b) The Executive acknowledges and agrees that the obligations under this section 6.2 are to remain in effect in perpetuity.

(c) Nothing in this Section 6.2 shall preclude the Executive from disclosing or using Confidential Information of the Company, the Parent, their subsidiaries, or their respective customers and clients at any time if disclosure of such Confidential Information is required to be made by any law, regulation, governmental body, or authority or by court order provided that before disclosure is made, notice of the requirement is provided to the Company or the Parent, as applicable, and to the extent possible in the circumstances, the Company or the Parent, as applicable, is afforded an opportunity to dispute the requirement.

6.3 Resignation of Positions. The Executive agrees that after termination of his employment with the Company he will tender his resignation from any position he may hold as an officer, director or trustee of the Company, the Parent, or any of their affiliated or associated companies if so requested by the Board.

6.4 Rights and Obligations Survive. The respective rights and obligations of the parties hereunder shall survive any termination of the Executive's employment to the extent necessary to preserve such rights and obligations. For greater certainty, notwithstanding anything to the contrary in this Agreement, the parties hereto acknowledge and agree that Sections 4.1, 4.2, 4.3, 4.5, 5.1, 6.4, 6.7, 6.8, 6.13, 6.15, 6.16 and 6.17 shall survive the termination of the Executive's employment with the Company and remain in full force and effect.

6.5 Beneficiaries. The Executive shall be entitled, to the extent permitted under any applicable law, to select and change a beneficiary or beneficiaries to receive any compensation or benefit payable hereunder following the Executive's death by giving the Company written notice thereof. In the event of the Executive's death or a judicial determination of his incompetence, reference in this Agreement to the Executive shall be deemed, where appropriate, to refer to his beneficiary, estate or other legal representative.

6.6 Fair and Reasonable Provisions. The Company and Executive acknowledge and agree that the provisions of this Agreement regarding further payments of the Executive's Base Salary, Annual Bonus and other bonuses, and the exercisability and vesting of the options or equity grants granted by the Company or the Parent to the Executive, constitute fair and reasonable provisions for the consequences of such termination, do not constitute a penalty, and such payments and benefits shall not be limited or reduced by amounts the Executive might earn or be able to earn from any other employment or ventures during the remainder of the agreed term of this Agreement.

6.7 Lump Sum Payment. Except as otherwise specifically provided in this Agreement, the Company shall pay the Executive any lump sum payment due to him under this Agreement within ten (10) business days of the Date of Termination. Any payments due to the Executive under this Agreement that are not paid within such time shall accrue interest, annually, on the total unpaid amount payable under this Agreement, such interest to be calculated at a rate equal to two percent (2%) in excess of the Prime Rate then in effect from time to time during the period of such non-payment.

6.8 Liability Insurance. The Company and the Parent shall each use their reasonable best efforts to obtain and continue coverage of the Executive under directors' and officers' liability insurance both during and, while potential liability exists, after the Executive's employment with the Company in the same amount and to the same extent, if any, as the Company or the Parent, as applicable, cover their other directors and/or officers.

6.9 No Derogation of Rights. Nothing herein derogates from any rights the Executive may have under applicable law.

6.10 Assignability. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs (in the case of the Executive) and assigns. No rights or obligations of the Company or the Parent under this Agreement may be assigned or transferred by the Company or the Parent except: (i) in the case of a "Permitted Assignment"; and (ii) such rights or obligations may be assigned or transferred pursuant to a merger, amalgamation, reorganization, continuance or consolidation in which the Company or the Parent, as applicable, is not the continuing entity, or the sale or liquidation of all or substantially all of the assets of the Company or the Parent, as applicable, provided that the assignee or transferee is the successor to all or substantially all of the assets of the Company or the Parent, as applicable, and such assignee or transferee assumes the liabilities, obligations and duties of the Company or the Parent, as applicable, as contained in this Agreement, either contractually or as a matter of law. The Company and the Parent each further agree that, in the event of a sale of assets or liquidation as described in the preceding sentence, other than in the case of Permitted Assignment, it shall take whatever action it legally can in order to cause such assignee or transferee to expressly assume the liabilities, obligations and duties of the Company or the Parent, as applicable, hereunder. No rights or obligations of the Executive under this Agreement may be assigned or transferred by the Executive other than with the prior written consent of the Company and the Parent.

6.11 Authorization. The Company and the Parent each represent and warrant that they are fully authorized and empowered to enter into this Agreement and perform its obligations hereunder, which performance will not violate any agreement between the Company or the Parent, as applicable, and any other person, firm or organization nor breach any provisions of its constating documents or governing legislation.

6.12 Amendment or Waiver. No provision in this Agreement may be amended unless such amendment is agreed to in writing and signed by the Executive and an authorized officer of the Company and the Parent (other than the Executive). No waiver by either party hereto of any breach by the other party hereto of any condition or provision contained in this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or subsequent time. Any waiver must be in writing and signed by the Executive or an authorized officer of the Company and the Parent (other than the Executive), as the case may be.

6.13 Governing Law and Venue. This Agreement shall be construed and interpreted in accordance with the laws of laws of the State of California and the federal law of the United States applicable therein. Each of the parties hereby irrevocably attorns to the exclusive jurisdiction of the courts located in Los Angeles, California with respect to any matters arising out of this Agreement.

6.14 Notices. Any notices required or permitted to be given under this Agreement will be in writing and will be deemed to be sufficiently given if delivered in person or courier, transmitted by email or sent by regular mail, and

(a) in the case of the Parent:

Suite 302 - 1620 West 8th Avenue
Vancouver, British Columbia, V6J 1V4
Attention: Chief Financial Officer
E-
mail:

(b) in the case of the Company:

6701 Center Drive Suite 480
Los Angeles, California 90045
USA
Attention: Chief Financial Officer
E-
mail:

(c) in the case of the Executive:

to the last address of the Executive in the records of the Company or the Parent or any of their subsidiaries or to such other address as the parties may from time to time specify by notice given in accordance herewith.

Any notice so given will be deemed to be received on the date of delivery by person or by courier or transmission by email or on the fifth (5^{th}) business day following the date of mailing.

6.15 409A Compliance. This Agreement is intended not to result in the imposition of any tax, interest charge or other assessment, penalty or addition under Section 409A of the Internal Revenue Code ("Section 409A"). All terms and conditions of this Agreement are intended, and shall be interpreted and applied to the greatest extent possible in such manner as may be necessary, to exclude any compensation and benefits provided by this Agreement from the definition of "deferred compensation" within the meaning of Section 409A or to comply with the provisions of Section 409A and any rules, regulations or other regulatory guidance issued under Section 409A. For purposes of determining the timing of any payment under Article IV, "Date of Termination" shall mean the date on which the Executive incurs a "separation from service" as such term is defined for purposes of Section 409A. Each payment schedule set forth in this Agreement is intended to be exempt from or to comply with the requirements of Section 409A and shall be interpreted consistently therewith. Each payment in any series of payments that may be provided under this Agreement shall be considered a separate payment for purposes of Section 409A. In order to comply with Section 409A, (i) in no event shall any expense reimbursement payments under Section 3.6(e) or otherwise be made later than the end of the calendar year next following the calendar year in which such expenses were incurred, and the Executive shall be required to have submitted substantiation for such expenses at least ten (10) days before the last date for payment, (ii) the amount of such expenses to be paid in any given calendar year shall not affect the expenses to be paid in any other calendar year, and (iii) the Executive's right to payment of such expenses may not be liquidated or exchanged for any other benefit. Notwithstanding any other provision in this Agreement, solely to the extent that a delay in payment is required in order to avoid the imposition of any tax under Section 409A, if a payment obligation under this Agreement arises on account of the Executive's "separation from service" (within the meaning of Section 409A of the Code) while the Executive is a "specified employee" (as determined for purposes of Section 409A(a)(2)(B) of the Code), then payment of any amount or benefit provided under this Agreement that is considered to be non-qualified deferred compensation for purposes of Section 409A of the Code and that is scheduled to be paid within six (6) months after such separation from service shall be paid without interest on the first business day after the date that is six (6) months following the Executive's separation from service.

6.16 Independent Legal Advice. The Executive hereby represents and warrants to the Company and the Parent and acknowledges and agrees that he had the opportunity to seek, was not prevented nor discouraged by the Company or the Parent from seeking and did obtain, or elected not to obtain, independent legal advice prior to the execution and delivery of this Agreement.

6.17 Severability. If any provision contained herein is determined to be void or unenforceable for any reason, in whole or in part, it shall not be deemed to affect or impair the validity of any other provision contained herein and the remaining provisions shall remain in full force and effect to the fullest extent permissible by law.

6.18 Entire Agreement. This Agreement and the schedules and the recitals hereto contains the entire understanding and agreement between the parties concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the parties with respect thereto.

6.19 Currency. Unless otherwise specified herein all references to dollar or dollars are references to U.S. dollars.

6.20 Further Assurances. Each of the Executive, the Company and the Parent will do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents and things as the Executive, the Company or the Parent may require for the purposes of giving effect to this Agreement.

6.21 Counterparts/Facsimile Execution. This Agreement may be executed in any number of counterparts, each of which when delivered, either in original, electronic or facsimile form, shall be deemed to be an original and all of which together shall constitute one and the same document.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

VERSUS SYSTEMS, INC.

By: /s/ Matthew Pierce
Name: Matthew Pierce
Title: Chief Executive Officer

VERSUS LLC

By: /s/ Craig Finster
Name: Craig Finster
Title: Chief Financial Offcier

SIGNED, SEALED and DELIVERED)
by **KEYVAN PEYMANI**)
in the presence of:)
)
_____)
Witness)
)
_____)
Address)
)
_____)
)
_____)
Occupation

/s/ Keyvan Peymani
KEYVAN PEYMANI
April 21, 2020

SCHEDULE A

EXECUTIVE'S DUTIES

Management of all matters relating to the operations of the Company and the Parent, including:

1. Performance of the duties normally associated with the office of Executive Chairman of the Board, which is a full-time position at the Company
2. Supervision of investor relations and corporate information dissemination;
3. Participation in the development of strategy, policies and programs for review and approval by the the CEO and the Board;
4. Developing business opportunities for both user growth and revenue growth;
5. The review and assessment of business opportunities presented to the Company;
6. Supporting the CEO in the presentation of mateirials to the board and to investors;
7. Working with the CEO to raise funds for the company when necessary;
8. Oversight of international expansion and business development partnerships
9. Preparation of business plans as required from time to time for review and approval by the CEO and the Board;
10. Monitoring and control of the operations of the Company; and
11. Performance of such other duties consistent with the Executive's position which the Board shall, from time to time, reasonably direct.

SCHEDULE B

PERFORMANCE MILESTONES

Keyvan Peymani

NONE

SCHEDULE C

CASH BONUS MILESTONES

KEYVAN PEYMANI

The Executive shall receive a cash bonus in an amount set forth below, in accordance with the EBITDA attained in the then-current fiscal year:

Performance Milestone	**Cash Bonus**
The Company generating EBITDA of at least US$1 million within the then current fiscal year.	50% of Base Salary
The Company generating EBITDA of at least US$2 million within the then current fiscal year.	100% of Base Salary
The Company generating EBITDA of at least US$4 million within the then current fiscal year.	200% of Base Salary

SCHEDULE D

NONE

SCHEDULE E

STOCK OPTIONS

KEYVAN PEYMANI

NONE.

Exhibit 10.6

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE JULY 18, 2017.

WARRANT TO PURCHASE COMMON SHARES
OF
VERSUS SYSTEMS INC.
(the "**Company**")

(Organized under the laws of the Province of British Columbia)

Warrant Certificate No:

Issue Date: March 17, 2017

THIS IS TO CERTIFY THAT, for value received, **PURCHASER**, the holder of this Warrant, is entitled to purchase:

#,###

non-assessable common shares of the Company as such shares were constituted on the Issue Date at any time up to 4:30 p.m. local time at the City of Vancouver, British Columbia at and for a price of C$0.40 per share, of lawful money of Canada, up to and including March 17, 2022 (the "**Expiry Date**") upon and subject to the terms and conditions attached hereto.

This Warrant and the common shares to be issued upon its exercise have not been registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or the securities laws of any state of the United States. This Warrant may not be exercised in the United States or by or on behalf of any U.S. person or person in the United States, directly or indirectly, unless (i) the common shares are registered under the U.S. Securities Act and the applicable laws of any such state, or (ii) an exemption from such registration requirements is available. "United States" and "U.S. person" are as defined in Regulation S under the U.S. Securities Act.

VERSUS SYSTEMS INC.

Per: _____
Director/Officer

NOTE: Any share certificates issued upon exercise of this Warrant prior to the expiry of the hold periods will be printed with the corresponding legends.

TERMS, CONDITIONS AND INSTRUCTIONS

1. The holder of this Warrant may subscribe for up to the number of shares ("**Warrant Shares**") of the Company indicated on the face hereof in accordance with and subject to the terms and conditions set out in this Warrant.

2. For each Warrant Share purchased pursuant to this Warrant, payment must be made in the amount of C$0.40 per Warrant Share (the "**Exercise Price**"). All payments must be made in Canadian funds, in cash or by certified cheque, bank draft or money order payable, at par, in Vancouver, British Columbia, made payable to the Company's name set out on the face hereof or, if such name is changed after the Issue Date, the Company's then current name. If payment is made by way of an uncertified cheque, the Company reserves the right to deem that the payment has not been received until the cheque has cleared the account upon which it has been drawn.

3. To exercise the rights evidenced by this Warrant, this Warrant with the Warrant Exercise Form attached as Appendix 1 hereto (the "**Warrant Exercise Form**") completed and payment as required for the shares subscribed for, must be delivered or mailed to the offices of the Company at 302 – 1620 West 8th Avenue, Vancouver, BC V6J 1V4 or, if such address is changed after the Issue Date, the then current head office address of the Company, and received by the Company.

4. The rights evidenced by this Warrant expire at 4:30 p.m. local time in Vancouver, British Columbia on the Expiry Date. If this Warrant is not exercised on or before its expiry, the Warrant shall be void and all rights evidenced thereby shall forthwith cease to represent a right or claim of any nature.

5. Any certificate representing Warrant Shares issued upon the exercise of this Warrant prior to the date that is four months and one day after the Issue Date will bear the following legends:

   Unless permitted under securities legislation, the holder of this security must not trade the security before [four months plus one day after the Issue Date.].

6. The rights evidenced by this Warrant may be transferred or assigned by the holder, subject to all applicable regulatory and legal requirements and the approval of the Company, by duly completing and executing the Warrant Transfer Form attached as Appendix 2 hereto.

7. The rights to purchase Warrant Shares granted by this certificate may be exercised, subject to the terms and conditions hereof, in whole or in part (but not as to a fractional share) from time to time.

8. This Warrant does not entitle the holder to any rights as a shareholder of the Company, including, without limitation, voting rights.

9. If this Warrant or the purchase price are forwarded by mail, it is suggested that registered mail be used as the Company and the Company's registrar and transfer agent will not be responsible for any losses which occur through the use of mails.

10. The Company shall, no more than five business days after delivery of this Warrant, together with a duly executed Warrant Exercise Form and payment as required for the shares subscribed for, issue and deliver to the holder certificates for that number of shares subscribed for, at the address shown on the Warrant Exercise Form.

11. The rights evidenced by this Warrant are to purchase common shares in the capital stock of the Company as they were constituted on the Issue Date. If after such date and prior to the exercise of any of the rights evidenced by this Warrant, there shall be any change in the common shares of the Company whether by consolidation, sub-division, reclassification, payment of any stock dividends, or otherwise, then an appropriate adjustment shall be made in either or both of (i) the number of common shares issuable on exercise of the rights evidenced by this Warrant and (ii) the Exercise Price; and if the Company shall amalgamate with, consolidate with or merge with or into, or participate in a statutory arrangement or similar reorganization with another corporation or entity, any common shares of the Company issuable on exercise of the rights evidenced by this Warrant shall be converted into the securities, property, or cash which the holder would have received upon such amalgamation, consolidation, merger, arrangement or reorganization had the Warrants been exercised prior to such event becoming effective, subject to the approval of any stock exchange on which the Company's shares are listed (if required). Any adjustment contemplated herein shall be to the effect that the rights evidenced by this Warrant shall thereafter be as reasonably as possible equivalent to those originally granted hereby. In accordance with this certificate, the Company will make adjustments as it considers necessary and equitable acting in good faith, subject to any approvals required by any stock exchange on which the Company's shares are listed. If at any time a dispute arises with respect to adjustments provided for herein, such dispute will be conclusively determined by the auditors of the Company or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors of the Company and any such determination, absent manifest error, will be binding upon the Company, the holder of this Warrant and shareholders of the Company. The Company will provide such auditors or accountants with access to all necessary records of the Company and fees payable to such accountants or auditors will be paid by the Company.

12. The Company will at all times until the expiry of this Warrant keep available, and reserve if necessary, out of its authorized shares, solely for the purpose of issue upon the exercise of this Warrant, such number of Warrant Shares of the Company as shall then be issuable upon the exercise of this Warrant. The Company covenants and agrees that all shares which shall be so issuable will, upon issuance, be issued as fully paid and non-assessable and free from all liens, charges and encumbrances.

13. The Company will maintain at its offices a register (the "**Register**") of the names and addresses of the registered holders of the share purchase warrants issued by the Company in the private placement under which this Warrant was issued, which Register will be updated to reflect exercises and, if applicable, transfers of the share purchase warrants.

14. Unless herein otherwise expressly provided, any notice (a "**Notice**") to be given hereunder to the holder of the Warrant shall be deemed to be validly given if the Notice is sent by first class mail, postage prepaid, addressed to the holder or delivered by hand at the address appearing on the Register and if, in the case of joint holders of the Warrant, more than one address appears on the Register in respect of that joint holding, the Notice shall be addressed or delivered, as the case may be, only to the first address, as the case may be, so appearing. Any Notice so given shall be deemed to have been given on the day of delivery by hand or on the next business day if delivered by mail. If, by reason of strike, lockout or other work stoppage, actual or threatened, involving postal employees, any Notice to be given to the holder of the Warrant could reasonably be considered unlikely to reach its destination, the Notice may be published or distributed once in the Report on Business section of the national edition of The Globe and Mail newspaper or, in the event of a disruption in the circular of that newspaper, once in a daily newspaper in the English language of general circulation in Vancouver, British Columbia and Toronto, Ontario. Any Notice so given shall be deemed to have been given on the day on which it has been published in all of the cities in which publication was required (or first published in a city if more than one publication in that city is required).

15. This Warrant certificate is to be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

APPENDIX 1 TO WARRANT CERTIFICATE
WARRANT EXERCISE FORM

The undersigned, holder of the within Warrant, hereby subscribes for _____ common shares of**VERSUS SYSTEMS INC.** (the "Company"). If the number of common shares purchased hereby does not exercise all of the rights evidenced by this Warrant, the holder requests issuance and delivery to it at the following address of a new Warrant evidencing the unused rights. The undersigned represents and warrants that it is not a U.S. Person, did not receive the offer to purchase the securities in the United States, did not execute this subscription form in the United States and is not purchasing the securities for the account or for the benefit of a U.S. Person or person in the United States. "United States" and "U.S. Person" are as defined in Regulation S under the United States Securities Act of 1933, as amended.

The undersigned directs that the common shares hereby subscribed for be issued and delivered to it as follows:

NAME	ADDRESS	NO. OF SHARES

In the absence of instructions to the contrary, the securities or other property will be issued in the name of or to the holder hereof and will be sent by first class mail to the last address of the holder appearing on the register maintained for the Warrants.

DATED the _____day of _____, 20__.

Signature Guaranteed

(Signature of Warrantholder)

Print full name

Print full address

Instructions:

1. The registered holder may exercise its right to receive Warrant Shares by completing this form and surrendering this form and the Warrant Certificate representing the Warrants being exercised together with payment of the aggregate Exercise Price, by certified cheque, bank draft or money order payable to the order of the Company's name set out above or, if such name is changed after the Issue Date, the Company's then current name, to the head office of the Company , and such other documents as the Company may reasonably require, all in accordance with the Terms, Conditions and Instructions set out in the within Warrant.

2. If the Warrant Exercise Form indicates that common shares are to be issued to a person or persons other than the registered holder of the Warrant Certificate, the signature of such holder of the Warrant Exercise Form must be guaranteed by an authorized officer of a chartered bank, trust company or medallion guaranteed by an investment dealer who is a member of a recognized stock exchange.

3. If the Warrant Exercise Form is signed by a trustee, executor, administrator, curator, attorney, officer of a Company or any person acting in a judiciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Company.

APPENDIX 2 TO WARRANT CERTIFICATE
WARRANT TRANSFER FORM

TO: **VERSUS SYSTEMS INC.** (the "**Company**")

FOR VALUE RECEIVED, subject to receipt of prior written approval of the Company, the undersigned (the "**Transferor**") hereby sells, assigns and transfers unto (name) _____ (the "**Transferee**") of (residential address)_____, _____ (no. of Warrants) Warrants of the Company registered in the name of the undersigned represented by the within Warrant certificate, and irrevocably appoints the Company as the attorney of the undersigned to transfer the said securities on the register of transfers for the said Warrants, with full power of substitution.

The Transferor hereby certifies that (check either A or B):

____ (A) the transfer of the Warrants is being completed pursuant to an exemption from the registration requirements of the United States*Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), in which case the Transferor has delivered or caused to be delivered by the Transferee a written opinion of U.S. legal counsel acceptable to the Company to the effect that the transfer of the Warrants is exempt from the registration requirements of the U.S. Securities Act; or

____ (B) the transfer of the Warrants is being made in reliance on Rule 904 of Regulation S under the U.S. Securities Act, and certifies that:

(1) the Transferor is not an "affiliate" (as defined in Rule 405 under the U.S. Securities Act, except any officer or director who is an affiliate solely by virtue of holding such position) of the Company or a "distributor", as defined in Regulation S, or an affiliate of a "distributor";

(2) the offer of such securities was not made to a person in the United States and at the time the buy order was originated, the Transferee was outside the United States, or the Transferor and any person acting on its behalf reasonably believe that the Transferee was outside the United States;

(3) neither the Transferor nor any affiliate of the Transferor nor any person acting on their behalf engaged in any directed selling efforts (as defined under Regulation S of the U.S. Securities Act) in connection with the offer and sale of the Warrants;

(4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the Warrants are "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act);

(5) the Transferor does not intend to replace the securities sold in reliance on Rule 904 of the U.S. Securities Act with fungible unrestricted securities; and

(6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or a scheme to evade the registration provisions of the U.S. Securities Act.

DATED the _____day of _____, 20__.

_____
Signature Guaranteed
(only if the Warrants are registered in the name of someone other than the Transferor)

_____
(Signature of Transferor)

_____
Print full name

_____
Print full address

_____

The Warrants and the common shares issuable upon exercise of the Warrants shall only be transferable in accordance with applicable laws. The Warrants may only be exercised in the manner required by the certificate representing the Warrants and the Warrant Exercise Form attached thereto. Any common shares acquired pursuant to this Warrant shall be subject to applicable hold periods and any certificate representing such common shares will bear restrictive legends.

Exhibit 10.7

VERSUS SYSTEMS INC.

2017 STOCK OPTION PLAN

ADOPTED BY THE BOARD OF DIRECTORS ON MAY 17, 2017

1. PURPOSE: The purpose of this Stock Option Plan (the "Plan") is to enable **Versus Systems Inc.** (the "Corporation") and its subsidiaries or affiliates to attract and retain directors, officers, employees, consultants and advisors who will contribute to the Corporation's success by their ability, ingenuity and industry, and to enable such persons to participate in the long-term success and growth of the Corporation by giving them a proprietary interest in the Corporation in the form of options to purchase common shares of the Corporation (the "Stock Options").

2. ELIGIBILITY: Stock Options may be granted under the Plan to:

(a) directors, officers or employees, whether full or part time, of the Corporation or of any person or company that controls or is controlled by the Corporation or that is controlled by the same person or company that controls the Corporation (an "Affiliated Entity");

(b) *bona fide* consultants or advisors to the Corporation or to an Affiliated Entity, and such other service providers as may be permitted by regulatory authorities;

(collectively, the "Eligible Persons") provided, however, that Stock Options may be conditionally granted to persons who are prospective directors, officers or employees of, or consultants, advisors or service providers to, the Corporation or an Affiliated Entity, but no such grant shall become, by its terms, effective earlier than the date as of which the board of directors approves the grant or the date as of which the prospective Eligible Persons becomes a director, officer or employee of, or a consultant or advisor to (as the case may be), the Corporation. For the purposes of this section 2, a person or company shall be considered to control another person or company if the first person or company provides, directly or indirectly, the principal direction or influence over the business and affairs of the second person or company by virtue of (i) ownership or direction of voting securities of the second person or company, (ii) a written agreement or indenture, (iii) being or controlling the general partner of a limited partnership, or (iv) being a trustee of a trust.

3. ADMINISTRATION: The Plan shall be administered by the Board of Directors of the Corporation or any committee of the Board of Directors of the Corporation appointed for that purpose (the "Board"), who shall have full authority to interpret the Plan and to make such rules and regulations and establish such procedures as they deem appropriate for the administration of the Plan. A decision of the majority of persons comprising the Board in respect of any matter hereunder shall be binding and conclusive for all purposes and upon all persons. The Board is authorized and directed to do all things and execute and deliver all instruments, undertakings and applications as they in their absolute discretion consider necessary for the implementation of the Plan.

4. SHARES SUBJECT TO THE PLAN: The total number of common shares of the Corporation (the "Shares") which are at any one time reserved and set aside for issuance under this Plan, and under all other management options outstanding and employee stock purchase plans, if any, shall not in the aggregate exceed a number of Shares equal to 15% of the number of Shares issued and outstanding at that time. All Shares issued pursuant to the Plan will be issued as fully paid Shares. The maximum number of Shares which are reserved and set aside for issuance under this Plan may be subsequently increased as further Shares are issued by the Corporation, or by further votes of the shareholders of the Corporation. Any Stock Options granted under the Plan which are cancelled, terminated or expire, will remain available for granting under the Plan at the current Market Price (as defined in section 7(b), below), subject to regulatory approval.

The aggregate number of shares reserved for issuance to any one optionee, whether under this Plan or any other share option agreement, option for services or share purchase plan of the Corporation, shall, unless permitted by regulatory authorities having jurisdiction and by a vote of shareholders, not exceed five percent (5%) of the aggregate number of issued and outstanding shares of the Corporation in any 12 month period.

In the case of optionees who are consultants, the aggregate number of shares reserved for issuance to any one consultant, whether under this Plan or any other share option agreement, option for services or share purchase plan of the Corporation, shall, unless permitted by regulatory authorities having jurisdiction and by a vote of shareholders, not exceed two percent (2%) of the aggregate number of issued and outstanding shares of the Corporation in any 12 month period.

The aggregate number of shares reserved for issuance to all optionees who are granted options as a consultant or employee engaged in investor relations activities shall not exceed two percent (2%) of the issued and outstanding shares in any 12 month period and shall vest in stages over 12 months with no more than one quarter of the options vesting in any three month period. The Corporation must obtain disinterested shareholder approval of stock options if a stock option plan, together with all of the Corporation's previously established and outstanding stock option plans or grants, could result at any time in the number of Shares reserved for issuance under stock options granted to insiders exceeding 15% of the issued shares.

5. PARTICIPATION: Stock Options shall be granted under the Plan only to Eligible Persons as shall be designated from time to time by the Board and shall be subject to the approval by such regulatory authorities as may have jurisdiction. Approval of the Plan also constitutes shareholder approval of Stock Options that may be granted under the Plan as provided herein.

6. OPTION AGREEMENTS: Each Stock Option shall be evidenced by a written agreement (an "Option Agreement"), containing such terms and conditions, not inconsistent with the Plan, as the Board may, in its discretion, determine. Each Option Agreement shall be executed by the Corporation and the optionee. Option Agreements may differ among optionees.

7. TERMS AND CONDITIONS OF OPTIONS: Subject to the provisions of section 11 herein, the terms and conditions of each Stock Option granted under the Plan shall include the following, as well as such other provisions, not inconsistent with the Plan as may be deemed advisable by the Board:

(a) **Number of Shares:** At no time shall the number of Shares reserved for issuance to any one person pursuant to stock options, granted under the Plan or otherwise, exceed five (5%) percent of the outstanding Shares in any 12 month period.

(b) **Option Price:** The option price of an Stock Option granted under the Plan shall be fixed by the Board but shall be not less than the Market Price (as defined herein) of the Shares at the time the Stock Option is granted, or such lesser price as may be permitted pursuant to the rules of any regulatory authority having jurisdiction over the Shares issued which rules may include provisions for certain discounts in respect to the option price. For the purpose of this paragraph, the "Market Price" at any date in respect of the Shares shall mean, subject to a minimum exercise price of $0.10 per option, the greater of:

(i) the closing price of such Shares on a stock exchange on which the Shares are listed and posted for trading or a quotation system for a published market upon which the price of the Shares is quoted, as may be selected for such purpose by the Board (the "Market"), on the last trading day prior to the date the Stock Option is granted; and

(ii) the closing price of such Shares on the Market on the date on which the Stock Option is granted. In the event that such Shares did not trade on such trading day, the Market Price shall be the average of the bid and ask prices in respect of such Shares at the close of trading on such trading day as reported thereof. In the event that such Shares are not listed and posted for trading or quoted on any Market, the Market Price shall be the fair market value of such Shares as determined by the Board in its sole discretion.

(c) **Reduction in Option Price:** The option price of a Stock Option granted under the Plan to an insider of the Corporation (as that term is defined in the Securities Act (British Columbia)) shall not be reduced without prior approval from the disinterested shareholders of the Corporation.

(d) **Payment:** The full purchase price payable for shares under a Stock Option shall be paid in cash or certified funds upon the exercise thereof. A holder of a Stock Option shall have none of the rights of a shareholder until the Shares are paid for and issued.

(e) **Term of Option:** Stock Options may be granted under this Plan for a period not exceeding ten (10) years. Any Stock Options granted pursuant hereto, to the extent not validly exercised, will terminate on the date of expiration specified in the option agreement, subject to earlier termination as provided in sections 8, 10 and 11 below.

(f) **Vesting:** Unless the Board determines otherwise at its discretion, a Stock Option shall vest immediately upon being granted.

(g) **Exercise of Option:** Subject to the provisions contained in sections 8, 10 and 11 below, no Stock Option may be exercised unless the optionee is at the time of exercise an Eligible Person (as defined in section 1, above). If the optionee is an employee or consultant, the optionee shall represent to the Corporation that he or she is a bona fide employee or consultant of the Corporation. This Plan shall not confer upon the optionee any right with respect to continuation of employment by the Corporation. Leave of absence approved by an officer of the Corporation authorized to give such approval shall not be considered an interruption of employment for any purpose of the Plan. Subject to the provisions of the Plan, a Stock Option may be exercised from time to time by delivery to the Corporation of written notice of exercise specifying the number of shares with respect to which the Stock Option is being exercised and accompanied by payment in full, by cash or certified cheque, of the purchase price of the Shares then being purchased.

(h) **Non-transferability of Stock Option:** No Stock Option shall be assignable or transferable by the optionee, except to a personal holding corporation of the optionee, other than by will or the laws of descent and distribution.

(i) **Applicable Laws or Regulations:** The Corporation's obligation to sell and deliver Shares under each Stock Option is subject to such compliance by the Corporation an any optionee as the Corporation deems necessary or advisable with regards to any laws, rules and regulations of Canada and any provinces and/or territories thereof applying to the authorization, issuance, listing or sale of securities and is also subject to the acceptance for listing of the Shares which may be issued upon the exercise thereof by each stock exchange upon which Shares of the Corporation are then listed for trading.

8. TERMINATION OF EMPLOYMENT, DISABILITY AND DEATH: Unless the Option Agreement provides otherwise, all Stock Options will terminate:

(a) in the case of Stock Options granted to an employee or consultant employed or retained to provide investment relations services, thirty (30) days after the optionee ceases to be employed or retained to provide investment relations services;

(b) in the case of Stock Options granted to other employees, consultants, directors, officers or advisors, ninety (90) days following (i) the termination by the Corporation, with or without cause, of the optionee's employment or other relationship with the Corporation or an Affiliated Entity, or (ii) the termination by the optionee of any such relationship with the Corporation or an Affiliated Entity; or (c) in the case of death or permanent and total disability of the optionee, all Stock Options will terminate twelve (12) months following the death or permanent and total disability of the optionee, and the deceased optionee's heirs or administrators may exercise all or a portion of the Stock Option during that period. Such period or periods shall be set forth in the Option Agreement evidencing such Stock Option.

9. ADJUSTMENTS IN SHARES SUBJECT TO THE PLAN: The aggregate number and kind of Shares available under the Plan and the exercise price of any Stock Options granted under the Plan shall be appropriately adjusted in the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of the Corporation. In any of such events, the Board may determine the adjustments to be made in the number and kind of Shares covered by Stock Options theretofore granted or to be granted and in the option price for said Stock Options.

10. AMENDMENT AND TERMINATION OF PLAN: Subject to the approval of regulatory authorities having jurisdiction, the Board may from time to time amend or revise the terms of the Plan, or may terminate the Plan at any time, provided however that no such action shall, in any manner adversely affect the rights of any optionee under any Stock Option theretofore granted under the Plan without said optionee's prior consent. Upon the mutual consent of the optionee and the Board, the terms of an Option Agreement may be amended, subject to regulatory approval and shareholder approval as may be required from time to time.

11. CORPORATE TRANSACTIONS: In the event of the Shares being exchanged for securities, cash or other property of any other corporation or entity as the result of a reorganization, merger or consolidation in which the Corporation is not the surviving corporation, the dissolution or liquidation of the Corporation, or the sale of all or substantially all the assets of the Corporation, the Board or the board of directors of any successor corporation or entity may, in its discretion and subject to regulatory approval, as to outstanding Stock Options:

(a) upon written notice to the holders thereof, accelerate the exercise date or dates of such Stock Options;

(b) provided that the Stock Options have been accelerated pursuant to item (a) above, terminate all such Stock Options prior to consummation of the transaction unless exercised within a prescribed period following written notice to the holders thereof;

(c) provide for payment of an amount equal to the excess of the Market Price, as determined by the Board or such board of directors of any successor corporation or entity, over the option price of such Shares as of the date of the transaction, in exchange for the surrender of the right to exercise such Stock Options; or

(d) provide for the assumption of such Stock Options, or the substitution therefor of new Stock Options, by the successor corporation or entity.

12. ADDITIONAL RESTRICTIONS: Unless an ordinary resolution of disinterested shareholders of the Corporation (being all shareholders of the Corporation other than those who are Related Persons, as defined below) provides otherwise, the number of Stock Options which may be granted under the Plan, together with any other share compensation arrangements of the Corporation, is subject to the following additional restrictions:

(a) at no time shall the number of Shares reserved for issuance under Stock Options granted to Related Persons (as defined below) exceed 10% of the number of Shares issued and outstanding at that time (the “Outstanding Issue”);

(b) at no time shall Related Persons be issued, within a twelve-month period, a number of Shares exceeding 10% of the Outstanding Issue;

(c) at no time shall the number of Shares reserved for issuance under Stock Options granted to any Related Person and such Related Person’s associates exceed 5% of the Outstanding Issue; and

(d) at no time shall any one Related Person and such Related Person’s associates be issued, within a twelve-month period, a number of Shares exceeding 5% of the Outstanding Issue.

Upon resolution of disinterested shareholders permitting the Corporation to exceed the above specified thresholds, the foregoing restrictions shall be of no force or effect to the Plan, and the President of the Corporation shall make note of such resolution below:

The undersigned President of the Corporation, hereby confirms that the disinterested shareholders of the Corporation have passed a resolution permitting the Corporation to exceed the above specified thresholds as of _____, _____.

DATED this 17th day of May, 2017.

"Matthew Pierce"
Signature of the President

Matthew Pierce
Print Name

For the purposes of this section 12, a "Related Person" shall mean a director or senior officer of the Corporation or an Affiliated Entity.

13. EFFECTIVE DATE AND DURATION OF PLAN: This Plan shall be effective as at May 17, 2017, subject to shareholder approval to be given by a resolution passed by shareholders of the Corporation at the next annual or special meeting of the shareholders of the Corporation. Any Stock Options granted prior to such shareholder approval and acceptance shall be conditional upon such approval and acceptance being given and no such Stock Options may be exercised until such approval and acceptance is given. The Plan shall remain in full force and effect thereafter from year to year until amended or terminated and for so long thereafter as Stock Options remain outstanding in favour of any optionee. This Plan was approved by the Corporation's shareholders at the Annual and Special Meeting held June 29, 2017.

This Plan was ratified, adopted and re-approved by the Corporation's shareholders at the Annual and Special Meeting held June 29, 2017.

Exhibit 10.8

ACQUISITION AGREEMENT

AMONG

OPAL ENERGY CORP

and

OPAL ENERGY (HOLDCO) CORP.

and

VERSUS, LLC

and

The Selling Members

March 16, 2016

TABLE OF CONTENTS

THIS ACQUISITION AGREEMENT is made as of March 16, 2016.

AMONG:

OPAL ENERGY CORP., a company incorporated under the laws of the Province of British Columbia, Canada, and having its registered and records office at Suite 302 – 1620 West 8th Avenue, Vancouver, British Columbia, V6J 1V4

("**BC Co**")

AND:

OPAL ENERGY (HOLDCO) CORP., a corporation incorporated under the laws of the State of Nevada, USA, and having its registered office at 10990 Wilshire Blvd., Los Angeles, CA 90024

("**NewCo**")

AND:

VERSUS, LLC, a limited liability company formed under the laws of Nevada, USA, and having its principal place of business at 10990 Wilshire Blvd., Los Angeles, CA 90024 ("**Company**")

AND

The selling members of the Company listed in Schedule "**A**" of this Agreement (the "**Selling Members**")

("**Party**" means each of BC Co, NewCo the Company, and the Selling Members as the context dictates and "**Parties**" means all of the foregoing)

WHEREAS:

(A) The Company is a privately held limited liability company formed under the laws of Nevada, U.S.A. ,and is engaged in the business of developing software to enable real-money online gaming;

(B) BC Co is organized under the *Business Corporations Act* (British Columbia), and is a reporting issuer in the Provinces of British Columbia, Alberta, Ontario and Quebec and is listed on the Canadian Securities Exchange (the "**CSE**");

(C) BC Co wishes to acquire the Company pursuant to this Agreement (the "**Acquisition**");

(D) The Acquisition is subject to approval by the CSE;

(E) NewCo is a wholly-owned direct subsidiary of BC Co that will facilitate the Acquisition contemplated by this Agreement;

(F) The board of directors of each of BC Co, the Company, and NewCo have unanimously determined that the Acquisition is in the best interest of their respective shareholders and unitholders, and have resolved to support the Acquisition and to enter into this Agreement;

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

PART 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions.

For the purposes of this Agreement, except as otherwise expressly provided herein, the following words and phrases will have the following meanings:

(a) "**Advance**" means the USD$250,000 that has been advanced by or on behalf of BC Co to the Company prior to the entry into this Agreement by the Parties, pursuant to the letter of intent entered into by the Parties and signed by the Company on November 23, 2015;

(b) "**Affiliate**" has the meaning specified in the BCBCA;

(c) "**Agreement**" means this Agreement and the Schedules attached hereto;

(d) "**Agreement Date**" means the date of this Agreement;

(e) "**Applicable Securities Law**" means applicable securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time;

(f) "**Applicable Nevada State Law**" means the Nevada Revised statutes and any common law, ordinance, rule, regulation, order, writ, injunction, directive, judgment, decree, or policy or guideline having the force of law in the State of Nevada.

(g) **"Articles of Organization and Operating Agreement"** means the articles of organization and any organizational and constating documents of the Company, including the Company Operating Agreement, whether or not prescribed by applicable Laws and such as may be amended from time to time;

(h) "**Assets**" means the property and assets of the Company, of every kind and description and wheresoever situated;

(i) "**BCBCA**" means the *Business Corporations Act* (British Columbia);

(j) "**BC Co**" has the meaning given to the term on page one hereof;

(k) "**BC Co Assets**" means the property and assets of BC Co, of every kind and description and wheresoever situated;

(l) "**BC Co Common Shares**" means the common shares in the capital of BC Co;

(m) "**BC Co Finder's Fee**" means, subject to CSE's (as defined herein) acceptance and compliance with applicable corporate and securities laws, the transaction fee payable by BC Co to Ventis Ltd., a company controlled by David Zammit, as indicated by him, upon the Closing of the Acquisition in the aggregate amount of approximately 1,000,000 BC Co Common Shares at a deemed price of CND$0.25 per common share, subject to CSE policies, which will be (1) issued under applicable securities laws prospectus and registration exemptions and (2) will be subject to the applicable statutory hold period along with any escrow restrictions imposed by the CSE or applicable securities laws;

(n) "**BC Co Shareholder Consent Materials**" means the resolutions circulated to BC Co Shareholders for their approval, or alternatively such materials approved at a meeting of BC Co Shareholders held in accordance the requirements of the BCBCA should such a shareholders' meeting be required, with respect to the Acquisition as described in this Agreement;

(o) "**BC Co Shareholders**" means the holders of BC Co Common Shares;

(p) "**BC Co's Closing Documents**" means the documents required to be delivered to the Company by BC Co pursuant to §9.3 hereof;

(q) "**BC Co's Financial Statements**" means the audited consolidated financial statements of BC Co for the years ended December 31, 2014 and 2013, prepared in accordance with IFRS and the unaudited financial statements of BC Co for the nine- month period ended September 30, 2015, prepared in accordance with IFRS;

(r) "**Business Day**" means any day, other than a Saturday, Sunday or statutory holiday in the Province of British Columbia, Canada or the State of Nevada, USA;

(s) "**Closing**" means the completion of the Acquisition as contemplated herein;

(t) "**Closing Date**" means within five (5) business days following the receipt of conditional acceptance by the CSE (of the Acquisition and listing in relation thereto) or such other date as the Parties mutually agree;

(u) "**Code**" means the United States Internal Revenue Code of 1986, as amended.

(v) "**Company's Financial Statements**" means the audited financial statements of the Company for the fiscal years ended 2013, 2014 and 2015, prepared in accordance with IFRS and the unaudited reviewed financial statements of the Company for the 2- month period ended February 29, 2016, prepared in accordance with IFRS;

(w) "**Company's Intellectual Property**" means the Intellectual Property owned, used by or licensed to the Company for the carrying on of the Company's business in the manner heretofore carried on or as now proposed to be carried on in the Company's written business documents;

(x) "**Company Operating Agreement**" means that Amended and Restated Operating Agreement of the Company, dated as of August 17, 2015, by and among the Company, the Class A Members whose signatures appear on the signature pages thereto and the Class B Members whose signatures appear on the signature pages thereto.

(y) "**Company-Owned Intellectual Property**" has the meaning given to the term in §4.1(b);

(z) "**Company Units**" means the Class A membership units and the Class B membership units of the Company with the rights and preferences set forth in the Articles of Organization and Operating Agreement;

(aa) "**Company Unitholders**" means holders of the Company Units;

(bb) "**Contract**" means, with respect to a Person, any contract, instrument, permit, concession, licence, loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, partnership or joint venture agreement or other legally binding agreement, arrangement or understanding, whether written or oral, to which the Person is a party or by which, to the knowledge of such Person, the Person or its property and assets is bound or affected;

(cc) "**Confidential Information**" means any information concerning the Selling Members, the Company or BC Co (the "**Disclosing Party**") or its business, properties and assets made available to the other party or its representatives (the "**Receiving Party**"); provided that it does not include information which (i) is generally available to or known by the public other than as a result of improper disclosure by the Receiving Party or pursuant to a breach of §11.1 by the Receiving Party, or (ii) is obtained by the Receiving Party from a source other than the Disclosing Party, provided that (to the reasonable knowledge of the Receiving Party) such source was not bound by a duty of confidentiality to the Disclosing Party or another party with respect to such information;

(dd) "**Disclosure Documents**" means the Listing Statement;

(ee) "**Employee**" means an officer or employee of the Company or a Person providing services in the nature of an employee to the Company;

(ff) "**Finder Fee**" means a cash fee equivalent to 7% of the proceeds raised in the Private Placement to be paid upon the Closing;

(gg) "**Finder Warrants**" means such number of common share purchase warrants (each a "**Finder Warrant**") equivalent to 7% of the number of Units issued pursuant to the Private Placement, with each whole Finder Warrant entitling the holder to purchase one (1) additional BC Co Common Share (a "**Finder Warrant Share**") at an exercise price of CND$0.40 per share for a period of 2 years from the closing of the Private Placement. The Finder Warrants will be subject to the applicable statutory hold period under Applicable Securities Laws along with any escrow restrictions imposed by the CSE or applicable securities laws;

(hh) "**Government Agency**" means and includes, without limitation, any national, federal government, province, state, municipality or other political subdivision of any of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing, including the CSE;

(ii) "**Government Official**" means (a) any official, officer, employee, or representative of, or any person acting in an official capacity for or on behalf of, any Government Agency or (b) any company, business, enterprise or other entity owned or controlled by any person described in the foregoing clauses;

(jj) "**IFRS**" means International Financial Reporting Standards;

(kk) "**Initial Payment**" has the meaning ascribed to in §2.4 hereof;

(ll) "**Intellectual Property**" means registered and unregistered trade-marks and trade-mark applications, trade names, certification marks, distinguishing guises, patents and patent applications, registered and unregistered works subject to copyright, know-how, formulae, processes, inventions, technical expertise, research data, trade secrets, industrial designs and industrial design applications, customer lists and other similar property, and all registrations and applications for registration thereof, each of the foregoing as defined under the applicable Laws;

(mm) "**Investment Committee Approval**" means the approval of the Acquisition, and such other ancillary matters related thereto, by a majority of the members of the Investment Committee of the Manager in accordance with the Manager Operating Agreement;

(nn) "**Investment Committee Meeting**" has the meaning set forth in §2.3(a);

(oo) "**Laws**" means all laws, statutes, by-laws, rules, regulations, orders, decrees, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements of any Government Agency applicable to the Company or BC Co;

(pp) "**Leased Premises**" means has the meaning given to the term in §4.1(q);

(qq) "**Lien**" means any mortgage, encumbrance, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature or any other arrangement or condition, which, in substance, secures payment, or performance of an obligation;

(rr) "**Listing Statement**" means the listing statement of BC Co pertaining to the Acquisition and in the form prescribed by the CSE;

(ss) "**Manager**" means OLabs Ventures, LLC, a California limited liability company, as designated in the Company Operating Agreement;

(tt) "**Manager Operating Agreement**" means the Amended and Restated Operating Agreement of Manager, dated as of August 17, 2015, by and among the Manager, the Class A Members whose signatures appear on the signature pages thereto, the Class B Members whose signatures appear on the signature pages thereto, and the Class C Members whose signatures appear on the signature pages thereto.

(uu) "**Materially Adverse**" when used in respect of a fact, circumstance, change, effect, occurrence, event or term means a fact, circumstance, change, effect, occurrence, event or term that (a) materially and adversely affects, or would reasonably be expected to materially and adversely affect, the business, assets, liabilities, condition (financial or otherwise) or capital of the Company, or (b) prevents, or would reasonably be expected to prevent, the Company from performing its obligations under this Agreement or consummating the transactions contemplated herein; provided, however, that it will not include: (i) any fact, circumstance, event, change, effect, occurrence, event or term relating to the global economy or securities markets in general; or (ii) any fact, circumstance, event, change, effect, occurrence or event affecting the industry in which the Company operates in general and which, in each case, does not have a materially disproportionate effect on the Company relative to comparable entities operating in the industry in which the Company conducts its business;

(vv) "**Material Adverse Change**" or "**Material Adverse Effect**" with respect to BC Co or the Company, as the case may be, means any change (including a decision to implement such a change made by the board of directors or by senior management who believe that confirmation of the decision by the board of directors is probable), event, violation, inaccuracy, circumstance or effect that is Materially Adverse to the business, assets (including intangible assets), liabilities, capitalization, ownership, financial condition or results of operations of BC Co or the Company, as the case may be, on a consolidated basis;

(ww) "**NewCo**" means NewCo, a direct, wholly-owned subsidiary of BC Co incorporated under the laws of the State of Nevada on March 14, 2016 for the sole purpose of effecting the Acquisition;

(xx) "**NewCo Shares**" means all of the outstanding shares of common stock of NewCo, par value $0.00010 per share;

(yy) "**Name Change**" means a change of the name of BC Co from "Opal Energy Corp." to "Versus Systems" or such other name acceptable to the Company;

(zz) "**Permitted Transferee**" means, with respect to (i) a Selling Member that is an entity, any Selling Member Affiliate, member, shareholder, or limited partner of such entity, and (ii) a Member that is an individual, (A) in the event of such Member's death, such Member's heirs, executors, administrators, testamentary trustees, legatees or beneficiaries, (B) a trust, the beneficiaries of which include only such Member and the spouse and descendants (whether natural or adopted) of such Member and pursuant to which the Member retains all voting control over the NewCo Shares, and (C) any partnerships or limited liability companies where the only partners or members are such Member and/or such Member's spouse and/or descendants (whether natural or adopted), and pursuant to which the Member retains all voting control over the NewCo Shares; provided, in each case, that such transferee agrees to comply with the restrictions and requirements of this Agreement;

(aaa) "**Person**" includes an individual, corporation, partnership, joint venture, trust, unincorporated organization, or Government Agency;

(bbb) "**Private Placement**" means the equity financing by way of a private placement relying on the prospectus exemptions pursuant to National Instrument 45-106 - Prospectus Exemptions of the Canadian Securities Administrators and other applicable laws, rules and regulations to raise a minimum USD$2,750,000 in the aggregate, (inclusive of the Initial Payment) at an intended price of CND$0.25 per unit (each a "**Unit**"), but in any case no less than CND$0.20 per Unit. Each Unit consists of one BC Co Common Share and one-half of one transferable BC Co Common Share purchase warrant, with each whole warrant being exercisable into one BC Co Common Share at an exercise price of CND$0.40 per share for a period of 24 months from the closing date of the Private Placement. The aforementioned terms are subject to any changes required to such terms by the CSE and/or other applicable regulatory authorities;

(ccc) "**Regulation D**" means Regulation D promulgated under the U.S. Securities Act;

(ddd) "**Regulation S**" means Regulation S promulgated under the U.S. Securities Act;

(eee) "**Resulting Issuer**" means BC Co upon completion of the Acquisition as contemplated in this Agreement;

(fff) "**Resulting Issuer Common Shares**" refers to the common shares (being the BC Co Common Shares) in the capital of the Resulting Issuer after the Acquisition has been effected pursuant to this Agreement;

(ggg) "**SEDAR**" means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators;

(hhh) "**Selling Member Affiliate**" of any Person means any Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such Person, and the term "Affiliated" shall have a correlative meaning. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise;

(iii) "**Surviving Co**" refers to the Company after its Acquisition pursuant to this Agreement has been effected;

(jjj) "**Taxes**" means all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto;

(kkk) "**Termination Date**" means the date on which this Agreement is terminated pursuant to Section 10.1 of this Agreement;

(lll) "**U.S. Person**" means a "U.S. person" as such term is defined in Rule 902 of Regulation S;

(mmm)"**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder;

(nnn) "**USA**", "**United States**", or "**U.S.**" means the United States of America, its territories and possessions, and any state of the United States, and the District of Columbia; and

(ooo) "**Warrant**" has the meaning ascribed in §2.4.

1.2 Interpretation.

For the purposes of this Agreement, except as otherwise expressly provided herein:

(a) the words "**herein**", "**hereof**", and "**hereunder**" and other words of similar import refer to this Agreement as a whole and not to any particular Part, clause, subclause or other subdivision or Schedule;

(b) a reference to a Part means a Part of this Agreement and the symbol § followed by a number or some combination of numbers and letters refers to the section, paragraph or subparagraph of this Agreement so designated;

(c) the headings are for convenience only, do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any of its provisions;

(d) the word "**including**", when following a general statement, term or matter, is not to be construed as limiting such general statement, term or matter to the specific items or matters set forth or to similar items or matters (whether or not qualified by non-limiting language such as "without limitation" or "but not limited to" or words of similar import) but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its possible scope;

(e) where the phrase "**to the knowledge of**" or phrases of similar import are used in respect of the Parties, it will be a requirement that the Party in respect of who the phrase is used will have made such due inquiries as is reasonably necessary to enable such Party to make the statement or disclosure; and

(f) unless there is something in the subject matter or context inconsistent therewith:

(i) words in the singular number include the plural and such words shall be construed as if the plural had been used;

(ii) words in the plural include the singular and such words shall be construed as if the singular had been used; and

(iii) words importing the use of any gender shall include all genders where the context or the Party referred to so requires, and the rest of the sentence shall be construed as if the necessary grammatical and terminological changes had been made.

PART 2 TRANSACTION

2.1 Agreement to Acquire.

Upon the terms and subject to the conditions contained in this Agreement, the Parties hereby agree that BC Co shall acquire the Company. BC Co shall, in its capacity as the sole stockholder of NewCo, approve the Acquisition as soon as reasonably practicable with the intent that the same shall be completed on or before the Closing Date.

2.2 Disclosure Documents.

(i) Promptly after the execution of this Agreement, the Company and BC Co jointly shall prepare the Listing Statement together with any other documents required by Applicable Securities Law and other applicable Laws and the rules and policies of the CSE in connection with the Acquisition, and complete the Listing Statement for submission to the CSE. BC Co may, after obtaining the approval of the CSE as to the final Listing Statement, file such final Listing Statement on SEDAR.

(ii) BC Co represents and warrants that the Disclosure Documents will comply in all material respects with all applicable Laws (including Applicable Securities Law), and, without limiting the generality of the foregoing, that the Disclosure Documents shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that BC Co shall not be responsible for the accuracy of any information relating to the Company or the Resulting Issuer that is furnished in writing by the Company for inclusion in the Disclosure Documents).

(iii) The Company represents and warrants that any information or disclosure relating to the Company or the Resulting Issuer that is furnished in writing by the Company for inclusion in the Disclosure Documents will comply in all material respects with all applicable Laws (including Applicable Securities Law), and, without limiting the generality of the foregoing, that the Disclosure Documents shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that the Company shall not be responsible for the accuracy of any information relating to BC Co or the Resulting Issuer that is furnished in writing by BC Co for inclusion in the Disclosure Documents).

(iv) The Company, BC Co and their respective legal counsel shall be given a reasonable opportunity to review and comment on drafts of the Disclosure Documents and other documents related thereto, and reasonable consideration shall be given to any comments made by the Company, BC Co and their respective counsel, provided that all information relating solely to BC Co included in the Disclosure Documents shall be in form and content satisfactory to BC Co, acting reasonably, and all information relating solely to the Company included in the Disclosure Documents shall be in form and content satisfactory to the Company, acting reasonably.

(v) BC Co and the Company shall promptly notify each other if at any time before the date of filing in respect of the Disclosure Documents, either party becomes aware that the Disclosure Documents contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Disclosure Documents and the Parties shall cooperate in the preparation of any amendment or supplement to such documents, as the case may be, as required or appropriate.

(vi) BC Co represents, warrants, covenants and agrees with the Company that:

(A) the BC Co Shareholder Consent Materials will comply with BC Co's constating documents and applicable Laws;

(B) prior to the Closing, BC Co will effect the Name Change, subject to obtaining the prior written consent of the Company, any requisite approvals pursuant to BC Co's constating documents and from the CSE and registrar of companies for British Columbia; and

(C) BC Co will immediately notify the Company of any legal or governmental action, suit, judgment, investigation, injunction, complaint, action, suit, motion, judgment, regulatory investigation, regulatory proceeding or similar proceeding by any Person, Government Agency or other regulatory body, whether actual or threatened, with respect to the Acquisition or which could otherwise delay or impede the transactions contemplated hereby.

2.3 Investment Committee Approval.

(a) As soon as is practicable after the Agreement Date, but in any case prior to the Closing Date, the Manager of the Company will take all action necessary in accordance with applicable Law, the Company Operating Agreement and the Manager Operating Agreement to call, provide notice for, convene, hold and conduct a meeting of the Investment Committee of the Manager or obtain Investment Committee Approval in lieu of such meeting (the "**Investment Committee Meeting**") to be held as soon as practicable for the purpose of voting upon approval and adoption of this Agreement and approval of the Acquisition.

(b) The Manager will recommend that the Investment Committee vote in favor of and approve and adopt this Agreement and approve the Acquisition at the Investment Committee Meeting.

(c) The Company will use its best reasonable efforts to take all other action necessary or advisable to secure Investment Committee Approval as required by the Manager Operating Agreement, and the Manager as required by the Company Operating Agreement, and applicable Law.

2.4 Acquisition Events.

Upon the terms and subject to the conditions set forth in this Agreement, at the Closing

Date:

(i) BC Co will purchase Company Units from the Selling Members in the amounts set forth on Schedule A attached hereto for an aggregate cash payment of USD$1,500,000, to be distributed pro rata to the Selling Members, (the "**Initial Payment**");

(ii) Immediately after the purchase mentioned in the previous subsection (i), all members of the Company (including the BC Co and the Selling Members as a result of subsection (i) above) shall contribute each issued and outstanding Company Unit held by such members for one (1) fully paid and non-assessable common share of NewCo (collectively, the "**NewCo Shares**"), and upon the completion of such exchange then each Company Unit and any certificates representing such Company Unit shall be cancelled and replaced with an equivalent number of NewCo Shares and certificates in respect of the same issued in the names of the Selling Members. The contribution by BC Co and the Selling Members of the Company Units is intended to be subject to Section 351 of the Code, and BC Co and the Selling Members are intended to constitute persons "in control" of NewCo for purposes of Section 351(a) of the Code;

(iii) Upon or concurrent with the completion of the exchange contemplated in subsection (ii), the Company shall become a wholly-owned subsidiary of NewCo;

(iv) The Selling Members (or their designees) shall have the option to convert the NewCo Shares standing in their names from time to time after the Closing into such number of fully paid and non-assessable BC Co Common Shares that equal a total value of USD$2,500,000 (the "**BC Co Payment Shares**") and such number of common share purchase warrants of BC Co with a total value of $1,250,000 USD (the "**Warrants**") at a deemed price of CND$0.20 per common share (unless and subject to the deemed price being another value pursuant to this subsection) for each BC Co Payment Share and each whole Warrant issued to the Selling Members (or their designees). Each whole Warrant will be exercisable into one common share of BC Co at an exercise price of CND$0.20 per common share for a period of 36 months from the Closing Date with a forced conversion if BC Co common shares trade at greater than CND$0.60 per share for more than 30 continuous trading days on the CSE. If the Units sold pursuant to the Private Placement are sold for less than CND$0.25 per Unit, then the deemed price of the BC Co Payment Shares and Warrants for the purposes of determining the number of such securities to be issued to Selling Members (or their designees) shall be determined by multiplying the price per Unit by 80%, and the result of such multiplication shall be the deemed price for each BC Co Payment Share and each Warrant to be issued pursuant to this section. Each NewCo common share and any certificates representing such shares of NewCo that have been exchanged pursuant to this subsection shall be cancelled upon the completion of such exchange.

(v) Prior to the conversion of the BC Co Payment Shares into such number of BC Co Common Shares as set out in Section 2.4(iv) of this Agreement, each Selling Member (or its designees) agrees not to sell, transfer, assign, hypothecate, mortgage, pledge or otherwise similarly alienate any of the common shares of NewCo held by such Selling Member; provided, however, that such Selling Member and its transferees and assigns shall be entitled to transfer such shares to its Permitted Transferees without restriction. For the avoidance of doubt, the Parties hereby acknowledge and agree that Olabs Ventures, LLC shall be entitled, subject to applicable securities laws, rules and regulations, the provisions of the Manager Operating Agreement and Section 2.4(vii) below, to distribute its BC CO Payment Shares to its members after the Closing and prior to conversion of such BC Co Payment Shares to BC Co Common Shares.

(vi) Prior to the conversion of any or all of their NewCo Shares into such number of BC Co Common Shares as set out in Section 2.4(iv) of this Agreement, each Selling Member hereby vests in BC Co its voting rights in its NewCo Shares and irrevocably constitutes and appoints the Chief Executive Officer of BC Co and its, his or her attorney-in-fact as the undersigned's true and lawful attorney and proxy in the undersigned's name, place and stead to vote with respect to any and all voting rights of such Selling Member's NewCo Shares, including but not limited to, the right, without further signature, consent or knowledge of such Selling Member, with all voting powers such Selling Member would possess if personally present, it being expressly understood and intended by such Selling Member that the foregoing power of attorney and proxy is coupled with an interest; and this power of attorney is a durable power of attorney and will not be affected by disability, incapacity or death of the Selling Member. This proxy shall automatically not terminate without further action of the Parties upon the exchange of such NewCo Shares pursuant to Section 2.4(iv).

(vii) The NewCo Shares the BC Co Payments Shares and Warrant may be required to be escrowed pursuant to applicable securities legislation as amended from time to time and regulations and rules prescribed thereto, pursuant to the policies of the applicable securities commissions, pursuant to the policies of a stock exchange or trading system on which BC Co seeks to list its securities, or any other securities regulatory body having jurisdiction. Each of Selling Member (or its designee) shall sign any escrow agreement reasonably required by such laws, regulations, rules and policies, and abide by any such restrictions as may be so imposed. In furtherance of this covenant, each Selling Member (or its designee) hereby irrevocably appoints the Chief Executive Officer of BC Co as its, his or her attorney-in-fact and authorizes him as its, his or her attorney-in-fact to approve and sign an escrow agreement on behalf of such Member to provide for escrow of the securities, as the case may be.

2.5 Share Certificates.

On the Closing Date:

(i) certificates or other evidence representing the Company Units shall cease to represent any claim upon or interest in the Company other than the right of the holder to receive, pursuant to the terms hereof, Resulting Issuer Common Shares in accordance with §2.4; and

(ii) upon the delivery and surrender by the holder thereof to the Resulting Issuer of certificates representing Company Units, which have been exchanged for Resulting Issuer Common Shares and Warrants in accordance with the provisions of §2.4, the Resulting Issuer shall on the Closing Date, or as soon as practicable thereafter, following the date of receipt by the Resulting Issuer of the certificates referred to above, deliver to each such holder certificates representing the number of Resulting Issuer Common Shares and the number of Warrants to which such holder is entitled or other evidence of ownership.

2.6 Resulting Issuer Board and Management.

Subject to any required approval of the holders of BC Co Common Shares and corporate and securities law requirements (including but not limited to the requirement for BC Co's audit committee to consist of a majority of independent directors), on or prior to the Closing Date the board of directors and officers of BC Co shall be restructured through resignations and appointments, so that it shall consist of:

(a) five (5) directors with the Selling Members (collectively and pro rata in accordance with their ownership of Company Units prior to the Closing) and BC Co (or its shareholders, as applicable) each selecting/appointing two (2) board members, and one (1) board member to be mutually agreed upon by the Selling Members and BC Co (or its shareholders, as applicable);

(b) One (1) observer to the board of the Resulting Issuer appointed at the option of the Selling Members;

(c) Matthew Dalton Pierce being appointed as Chief Executive Officer of the Resulting Issuer; and

(d) Such other officers of the Resulting Issuer as appointed by the newly constituted board of the Resulting Issuer after effecting the changes to such board contemplated in this section.

2.7 Structure of NewCo and Surviving Co.

Unless otherwise determined in accordance with Applicable Nevada State Law by Surviving Co, NewCo or their respective stockholders and unitholders, on or prior to the Closing Date, NewCo and Surviving Co shall be restructured as follows:

(i) **Directors and Managers of NewCo and Surviving Co**. The board of directors of BC Co shall serve as the board of directors of NewCo and the board of managers of Surviving Co.

(ii) **Officers and Directors**. As of the Closing Date, the initial directors of BC Co shall serve as the initial directors of NewCo and Surviving Co.

(iii) **Fiscal Year**. The fiscal year end of NewCo and Surviving Co shall be December 31 in each year, unless and until changed by resolution of the board of directors of NewCo and Surviving Co.

(iv) **Registered Office**. The registered office of NewCo and Surviving Co shall be the principal place of business of the Company.

(v) **Authorized Capital**. The authorized capital of Surviving Co shall be as set forth in the Amendment to Articles and the Restated Operating Agreement.

(vi) **Amendment to Articles and Restated Operating Agreement**. The Articles of Organization and the Operating Agreement of Surviving Co shall be amended and restated so as to give effect to this Agreement (as amended, the "**Amendment to Articles**" and the "**Restated Operating Agreement**", respectively).

(vii) **Business and Powers**. Except as otherwise prohibited by applicable Laws, there shall be no restriction on the business that NewCo and Surviving Co may carry on or on the powers that NewCo and Surviving Co may exercise.

2.8 Fractional Shares.

No fractional Resulting Issuer Common Shares will be issued or delivered pursuant to the Acquisition as contemplated in this Agreement. Any fractional share will be rounded down to the next lowest number and no consideration will be paid in lieu thereof. In calculating such fractional interests, all securities of the Resulting Issuer registered in the name of, or beneficially held, by a securityholder or their nominee shall be aggregated.

2.9 Effect of Acquisition.

At the Closing Date:

(i) BC Co shall own or have the power to vote all NewCo Shares, and the Company (referred to as the Surviving Co) shall be a wholly-owned subsidiary of NewCo; and

(ii) All of the Selling Members shall be shareholders of NewCo.

2.10 Timeline for the Closing of the Private Placement and Affects thereof on the Acquisition.

If BC Co is unable to secure investor interest and/or commitments to complete the Private Placement on the terms described for such Private Placement in this Agreement within 90 days of the date of this Agreement (as such date may be extended pursuant to this Section 2.10, the "**Outside Date**"), then BC Co may extend the Outside Date by advancing to the Company, within 5 Business Days of the Outside Date (the "**Additional Advance Default Date**"), the sum of USD$250,000 in addition to the Advance (the "**Additional Advance**", and together with the Advance, the "**Advances**") which shall extend the Outside Date for a further 60 days.

PART 3
REPRESENTATIONS AND WARRANTIES OF BC CO

As of the Agreement Date, BC Co represents and warrants to and in favour of the Company and the Selling Members as follows, and acknowledges that the Company and the Selling Members are relying upon such representations and warranties in connection with the completion of the transactions contemplated herein:

(a) *Organization, Standing, Corporate Power, Authority and Non-Contravention.*

(i) Each of BC Co and NewCo is a corporation incorporated and validly existing under the laws of the jurisdiction of its incorporation. In each case, each such entity has all requisite corporate power and authority and is duly qualified and holds all material permits, licences, registrations, permits, qualifications, consents and authorizations necessary or required to carry on its business as now conducted and to own, lease or operate the its Assets, and neither BC Co nor, to the knowledge of BC Co, any other Person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing the dissolution or winding up of BC Co or NewCo, and BC Co and NewCo have all requisite corporate power and authority to enter into this Agreement and to carry out their obligations hereunder. BC Co is in good standing with respect to the filing of its annual reports;

(ii) The authorized capital of BC Co consists of an unlimited number of BC Co Common Shares, of which 36,091,015 BC Co Common Shares are issued and outstanding as fully paid and non-assessable shares in the capital of BC Co. Additionally, BC Co has 17,900,000 common share purchase warrants outstanding with each such warrant exercisable into one BC Co Common Shares. The authorized capital of NewCo consists of 100,000,000 NewCo Shares, of which 10 NewCo Shares are issued and outstanding as fully paid and non- assessable shares in the capital of NewCo; Other than Opal Energy Inc., a wholly- owned subsidiary incorporated under the laws of the state of Texas and NewCo, BC Co has no direct or indirect subsidiaries nor any investment in any Person or any agreement, option or commitment to acquire any such investment. All of the issued and outstanding securities of NewCo are held by BC Co. Except as contemplated by this Agreement, NewCo has no direct or indirect subsidiaries nor any investments in any Person or any agreement, option or commitment to acquire any such investment;

(iii) BC Co is a "reporting issuer" in the Provinces of British Columbia, Alberta, Ontario and Quebec within the meaning of applicable securities laws, is not in default of any requirement of any applicable securities laws and neither the CSE nor any other regulatory authority having jurisdiction has issued any order preventing or suspending trading of any securities of BC Co, unless required for the completion of the transactions contemplated in this Agreement;

(iv) BC Co has been conducting its business in compliance in all material respects with all applicable Laws and regulations of each jurisdiction in which it carries on business and has not received a notice of non-compliance, and, to the knowledge of BC Co, there are no facts that would give rise to a notice of noncompliance with any such laws and regulations. NewCo is a newly-formed entity and has not commenced business operations;

(v) No consent, approval, order or authorization of, or registration, declaration or filing with, any third party or governmental entity is required by or with respect to BC Co or NewCo in connection with the execution and delivery of this Agreement by BC Co or NewCo, the performance of the obligations of BC Co or NewCo hereunder or the consummation by BC Co or NewCo of the transactions contemplated hereby other than: (i) the approval of the Listing Statement and the Acquisition by the CSE; (ii) the approval of the BC Co Shareholder Consent Materials by the shareholders of BC Co, (iii) any other consent, approval, order, authorization, registration, declaration, or filing as contemplated by this Agreement, and (iv) any other consents, notice, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a Material Adverse Effect on BC Co or NewCo or prevent or materially impair BC Co's or NewCo's ability to perform its obligations hereunder;

(vi) Each of the execution and delivery of this Agreement, the performance by each of BC Co and NewCo of its obligations hereunder and the consummation of the transactions contemplated in this Agreement, including the Acquisition and the issue of the Resulting Issuer Common Shares and Warrants upon the Acquisition, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, whether after notice or lapse of time or both of (i) any statute, rule or regulation applicable to BC Co or NewCo, including Applicable Securities Law; (ii) the constating documents, articles, bylaws or resolutions of BC Co or NewCo, (iii) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which BC Co or NewCo is a party or by which it is bound; or (iv) any judgment, decree or order binding BC Co or NewCo or their respective assets;

(vii) This Agreement has been duly authorized and executed by BC Co and NewCo and constitutes a valid and binding obligation of each of them and shall be enforceable against each of them in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principals when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable Law;

(viii) Other than this Agreement, BC Co is not currently party to any agreement in respect of: (i) the purchase of any property or assets or any interest therein or the sale, transfer or other disposition of any property or assets or any interest therein currently owned, directly or indirectly, by BC Co whether by asset sale, transfer of shares or otherwise; or (ii) the change of control of BC Co (whether by sale or transfer of shares or sale of all or substantially all of the BC Co Assets or otherwise); and

(ix) BC Co is not in violation of its constating documents or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract to which it is a party or by which it or its property may be bound.

(b) *Financial Statements and Taxes*.

(i) BC Co is a taxable Canadian corporation for Canadian tax purposes and all Taxes due and payable or required to be collected or withheld and remitted, by BC Co and NewCo have been paid, collected or withheld and remitted as applicable (except where failure to do so would not be Materially Adverse). All tax returns, declarations, remittances and filings required to be filed by BC Co and NewCo have been filed with all appropriate Government Agencies and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading (except for such Tax returns and reports with respect to which the failure to timely file would not be Materially Adverse). BC Co has not received notice of any examination of any tax return of BC Co or NewCo, and to the knowledge of BC Co, no such examination is currently in progress by any Government Agency and there are no issues or disputes outstanding with any Government Agency respecting any Taxes that have been paid, or may be payable, by BC Co or NewCo. There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to BC Co or NewCo;

(ii) BC Co has established on its books and records reserves or otherwise made provisions that are adequate for the payment of all Taxes not yet due and payable and there are no liens for Taxes on the BC Co Assets or NewCo, and, to the knowledge of BC Co, there are no audits pending of the tax returns of BC Co or NewCo (whether federal, state, provincial, local or foreign) and there are no claims which have been asserted relating to any such tax returns; and

(iii) No holder of outstanding BC Co Common Shares is entitled to any pre-emptive or any similar rights to subscribe for any BC Co Common Shares or other securities of BC Co, and except as contemplated by this Agreement, no rights to acquire, or instruments convertible into or exchangeable for, any securities in the capital of BC Co or NewCo are outstanding.

(c) *Undisclosed Liabilities*.

(i) Other than as disclosed in BC Co's Financial Statements, BC Co does not have any liabilities or obligations of any nature, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due, that individually or in the aggregate, are Materially Adverse. NewCo does not have any liabilities or obligations of any nature, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due, that individually or in the aggregate, are Materially Adverse; and

(ii) No third party has any ownership right, title, interest in, claim in, lien against or any other right to the BC Co Assets purported to be owned by BC Co. No third party has any ownership right, title, interest in, claim in, lien against or any other right to Assets purported to be owned by NewCo.

(d) *Litigation*. To the knowledge of BC Co with respect to all of the following in this subsection, no legal or governmental actions, suits, judgments, investigations or proceedings are pending to which BC Co or NewCo, or the directors, officers or employees of BC Co or NewCo are a party or to which the BC Co Assets or the Assets of NewCo (if any) are subject and no such proceedings are pending with respect to BC Co or NewCo or threatened against BC Co or NewCo, or with respect to their Assets. To the knowledge of BC Co with respect of the following, BC Co and NewCo are not subject to any judgment, order, writ, injunction, decree or award of any Government Agency.

(e) Suspension of Trading in Securities.

(i) Except as required in connection with the Acquisition and the transactions contemplated in this Agreement, no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of BC Co (including the BC Co Common Shares) has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of BC Co, are pending, contemplated or threatened by any regulatory authority.

(f) *Material Contracts.*

(i) Other than in the ordinary course of business, BC Co and NewCo are not parties to any material contract, written or oral, or any other contract, written or oral, involving an amount in excess of $20,000 other than this Agreement (collectively, the "**BC Co Contracts**");

(ii) To the knowledge of BC Co with respect to all of the following in this subsection, any and all material Contracts of BC Co and NewCo are valid and subsisting agreements in full force and effect, enforceable in accordance with their respective terms, neither BC Co (or NewCo, as applicable) nor any other party thereto is in material default or breach of any BC Co Contract and, , there exists no condition, event or act which, with the giving of notice or lapse of time or both would constitute a material default or breach under any BC Co Contract which would give rise to a right of termination on the part of any other party to a BC Co Contract;

(iii) BC Co and NewCo are not parties to any agreement, nor, to the knowledge of BC Co, is there any shareholders agreement or other contract which in any manner affects the voting control of any of the securities of BC Co or NewCo;

(iv) There is no agreement, plan or practice of BC Co or NewCo relating to the payment of any management, consulting, service or other fee or any bonus, pensions, share of profits or retirement allowance, insurance, health or other employee benefit other than in the ordinary course of business or in respect of professional service fees;

(v) BC Co and Newco do not have employees. There are no employment contracts, agreements or engagements, either oral or written, with any director or officer of BC Co or NewCo; and

(vi) None of the directors or officers of BC Co or NewCo or any associate or Affiliate of any of the foregoing has any interest, direct or indirect, in any transaction or any proposed transaction with BC Co or NewCo that materially affects, is material to or will materially affect BC Co or NewCo. BC Co is not indebted to: (i) any director, officer or shareholder of BC Co or NewCo (other than in respect of the reimbursement of expenses and fees incurred on behalf of BC Co and NewCo in the ordinary course of business); (ii) any individual related to any of the foregoing by blood, marriage or adoption; or (iii) any corporation controlled, directly or indirectly, by any one or more of those Persons referred to in this Part 3(f)(vi). None of those Persons referred to in this Part 3(f)(vi) is indebted to BC Co. Except as disclosed by BC Co to the Company in writing. BC Co and NewCo are not currently parties to any contract, agreement or understanding with any officer, director, employee, shareholder or any other Person not dealing at arm's length with BC Co or NewCo.

(g) *Liens.* There are no encumbrances or liens (registered or, to the knowledge of BC Co, unregistered) against any of the Assets.

(h) *Premises.* With respect to each premises which is material to BC Co and which BC Co occupies, whether as owner or as tenant (collectively the "**Leased Premises**"), BC Co occupies the Leased Premises and has the exclusive right to occupy and use the Leased Premises and each of the leases pursuant to which BC Co occupies the Leased Premises is in good standing and in full force and effect under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made or proposed to be made of such property and buildings by BC Co.

(i) *No Other Commissions.* Except as contemplated by the BC Co Finder's Fee, the Finder Fee, and the Finder Warrants there is no Person acting at the request or on behalf of BC Co or NewCo that is entitled to any brokerage or finder's fee or other compensation in connection with the transactions contemplated by this Agreement.

PART 4
REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND SELLING MEMBERS

4.1 Representations and Warranties of the Company.

As of the Agreement Date, the Company represents and warrants to and in favour of BC Co and NewCo as follows, and acknowledges that BC Co and NewCo are relying upon such representations and warranties in connection with the completion of the transactions contemplated herein:

(a) Organization, Standing, Corporate Power, Authority and Non-Contravention.

(i) The Company is a limited liability company organized and validly existing under the laws of the State of Nevada, is in good standing with respect to the filing of its annual or similar reports, and has all requisite limited liability company power and authority and is duly qualified and holds all material permits, licences, registrations, qualifications, consents and authorizations necessary or required to carry on its business as now conducted and to own, lease or operate its Assets and neither the Company nor, to the knowledge of the Company, any other Person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing the dissolution or winding up of the Company, and the Company has all requisite corporate power and corporate authority to enter into this Agreement and to carry out its obligations hereunder;

(ii) The Company is not a "reporting issuer" or equivalent in any jurisdiction;

(iii) To the knowledge of the Manager and the officers of the Company, acting reasonably, no securities of the Company are listed or quoted on any stock exchange, quotation or trading system;

(iv) The authorized capital of the Company consists of an unlimited number of Class A units and Class B units (collectively being "**Company Units**") of which 7,325 Class A units and 2,675 Class B units are issued and outstanding;

(v) No Person has any written or oral agreement, option or warrant or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming such for the purchase or acquisition of any securities of the Company;

(vi) The Company has no subsidiaries, nor any interest in any body corporate, partnership, joint ventures or other entity or Person and the Company is not a party to any agreement, option or commitment to acquire any shares or securities of any body corporate, partnership, trust, joint venture or other entity or Person (other than as contemplated by this Agreement);

(vii) Except as set forth on Section 4.1(a)(vii) of Schedule D attached hereto (the "**Disclosure Schedule**"), the Company has been conducting its business in compliance in all material respects with all applicable Laws and regulations of each jurisdiction in which it carries on business and has not received a notice of material non-compliance, and, to the knowledge of the Company, there are no facts that would give rise to a notice of material noncompliance with any such laws and regulations;

(viii) No consent, approval, order or authorization of, or registration, declaration or filing with, any third party or governmental entity is required by or with respect to the Company in connection with the execution and delivery of this Agreement by the Company, the performance of its obligations hereunder or the consummation by the Company of the transactions contemplated hereby other than: (i) Investment Committee Approval in accordance with the Company Operating Agreement, Manager Operating Agreement and applicable Law; (ii) consent of the Manager with respect to the Company's Class B units pursuant to the Company Operating Agreement; and (iii) any other consents, notice, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a Material Adverse Effect on the Company or prevent or materially impair the Company's ability to perform its obligations hereunder;

(ix) Each of the execution and delivery of this Agreement, the performance by the Company of its obligations hereunder and the consummation of the transactions contemplated in this Agreement, including the Acquisition, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, whether after notice or lapse of time or both, of (i) any statute, rule or regulation applicable to the Company, its business or operations, including Applicable Securities Law; (ii) the Articles of Organization and Operating Agreement or resolutions of the Company which are in effect at the date hereof; (iii) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which the Company is a party or by which it is bound; or (iv) any judgment, decree or order binding the Company or the Assets;

(x) This Agreement has been duly authorized and executed by the Company and constitutes a valid and binding obligation of the Company and shall be enforceable against the Company in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable Law; and

(xi) The Company is not in violation of its constating documents or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract to which it is a party or by which it or its property may be bound.

(b) Intellectual Property.

(i) The Company has the exclusive right to use, sell, license, sub-license and prepare derivative works for and dispose of and has the rights to bring actions for the infringement or misappropriation of all Intellectual Property of the Company, which is material to the Company's business as currently conducted or proposed to be conducted, or which it has registered or applied for registration (the "**Company-Owned Intellectual Property**") and the Company has not licensed, conveyed, assigned or encumbered any of the Company's Intellectual Property that it owns. All registrations and filings necessary to preserve the rights of the Company to the Company-Owned Intellectual Property have been made and are in good standing.

(ii) Schedule "C" hereto sets out all of the Company's Intellectual Property registrations and applications.

(iii) All pending applications for registration of the Company-Owned Intellectual Property (which are fully described in Schedule "C") are in good standing with the appropriate offices and assignments have been recorded in favour of the Company to the extent recordation within a timely manner is required to preserve the rights thereto.

(iv) The execution and delivery of this Agreement or any agreement contemplated hereby will not breach, violate or conflict with any instrument or agreement governing any of the Company's Intellectual Property, will not cause the forfeiture or termination of any of the Company's Intellectual Property or in any way exclude the right of the Company to use, sell, license or dispose of or to bring any action for the infringement of any of the Company's Intellectual Property (or any portion thereof).

(v) There are no royalties, honoraria, fees or other payments payable by the Company to any Person by reason of, or in respect of, the ownership, use, license, sale or disposition of any of the Company-Owned Intellectual Property and there are no restrictions on the ability of the Company or any successor to or assignee from the Company to use and exploit all rights in such Intellectual Property.

(vi) All maintenance fees due with respect to the Company-Owned Intellectual Property, if and as applicable, have been paid in a timely manner.

(c) *Financial Statements*.

(i) The Company's Financial Statements:

(A) present fairly, in all material respects, the financial position of the Company as at the dates thereof and the results of its operations and the changes in unitholders' equity and cash flows of the Company for the periods specified;

(B) do not contain any untrue statement of a material fact or omit to state a material fact required to be stated under applicable accounting principles or that is necessary to make a statement not misleading in light of the circumstances; and

(C) have been prepared in accordance with IFRS.

(ii) The Company's auditors who audited or reviewed the Company's Financial Statements are independent public accountants.

(d) *Undisclosed Liabilities.* Other than as disclosed in the Company's Financial Statements, the Company does not have any liabilities or obligations of any nature, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due, that, individually or in the aggregate, are Materially Adverse.

(e) *Absence of Certain Changes or Events.* Other than the transactions contemplated herein and other than as disclosed in the Company's Financial Statements or the Disclosure Documents, since September 30, 2015, the Company has conducted its business only in the ordinary course and:

(i) there has not been any event, change, effect or development (including any decision to implement such a change made by the Manager of the Company in respect of which senior management believes that confirmation of the Manager is probable), which, individually or in the aggregate, is Materially Adverse;

(ii) there has not been any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any of the Company Units; and

(iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) that is Materially Adverse has been incurred.

(f) *Taxes.* As of the date of this Agreement, if required, the Company has duly and in a timely manner filed all Tax returns and reports required by Laws to have been filed by it (except for such Tax returns and reports with respect to which the failure to timely file would not be Materially Adverse), has duly reported all income and other amounts required to be reported and has paid all Taxes to the extent that such Taxes have been assessed by the relevant taxation authority and are due and payable (except where failure to do so would not be Materially Adverse). To the extent required, except where failure to do so would not be Materially Adverse, the Company has duly and in a timely manner paid, deducted, withheld, collected and remitted all Taxes required to be paid, deducted, withheld, collected and remitted by it and has made full provision, in accordance with IFRS for (including properly accruing and reflecting on its books and records) all Taxes that are not yet due, that relate to periods (or portions thereof) ending prior to the date of this Agreement. The Company's Financial Statements contain adequate provision for all Taxes, assessments and levies imposed on the Company, or its property or rights arising out of operations on or before the date of the balance sheet set forth in the Company's Financial Statements in accordance with IFRS regardless of whether such amounts are payable before or after the Closing Date. No deficiency in payment of any Taxes for any period has been asserted by any Government Agency and remains unsettled at the date hereof. There are no actions, suits, examinations, proceedings, investigations, audits or claims now pending or threatened or, to the knowledge of the Company, contemplated against the Company in respect of any Taxes and there are no matters under discussion with any Government Agency relating to any Taxes.

(g) *Pre-Emptive Rights.* No holder of outstanding securities of the Company will be entitled to any pre-emptive or any similar rights to subscribe for securities of the Company at any time prior to or concurrent with the Closing of the Acquisition, including without limitation, pursuant to the Company's Articles of Organization and Operating Agreement.

(h) *Change in Law.* To the knowledge of the Manager and the officers of the Company, there is no pending change to any applicable law that would reasonably be expected to have an effect that would be Materially Adverse.

(i) Employment Matters.

(i) The Company has not had, and does not currently have any collective bargaining agreements with respect to its Employees and, to the knowledge of the Company, no accreditation request or other representation question is pending with respect to its Employees. There is no labour strike, dispute or stoppage pending or, to the knowledge of the Company after due inquiry, threatened against the Company, and the Company has not experienced any labour strike, dispute, slowdown or stoppage or other labour difficulty involving its Employees.

(ii) The Company is not subject to any litigation (actual or, to the knowledge of the Manager or the officers of the Company, threatened) relating to employment or termination of employment of its Employees, other than those claims or litigation that are not, individually or in the aggregate, Materially Adverse.

(iii) The Company has operated in accordance with all applicable Laws with respect to employment and labour, including employment and labour standards, occupational health and safety, employment equity, pay equity, workers' compensation, human rights and labour relations, except where failure to do so would not reasonably be expected to have an effect that would be Materially Adverse, and there are no current, pending or, to the knowledge of the Company, threatened proceedings before any Government Agency with respect thereto.

(iv) No current or former employee or officer of the Company is entitled to a severance, termination or other similar payment as a result of the Acquisition.

(v) Other than as contemplated by this Agreement, no Person is entitled: (i) to a payment under a Contract with the Company as a result of the Acquisition; or

(ii) to terminate a Contract with the Company, as a result of the Acquisition.

(j) *Bankruptcy, Insolvency.* No bankruptcy, insolvency or receivership proceedings have been instituted by the Company or, to the knowledge of the Company, are pending against the Company.

(k) *Books and Records*. The minute books of the Company contain minutes of all material resolutions of the Manager of the Company and the Company Unitholders held, and full access thereto has been provided to BC Co and its counsel.

(l) *Non-Arm's Length Transactions.* Other than the Company Operating Agreement, employment agreements, consulting agreements, Intellectual Property assignments, confidentiality agreements or other agreements pursuant to which Employees may grant or assign rights in Intellectual Property to the Company or receive compensation, between the Company and its Employees, and other than as disclosed in the Company's Financial Statements or the Disclosure Documents, there are no Contracts or other transactions currently in place between the Company and (i) any officer or Manager of the Company; (ii) any holder of the Company Units or other securities of the Company; or (iii) any associate or affiliate of the foregoing.

(m) *Litigation.* Other than as disclosed in the Company's Financial Statements, to the knowledge of the Manager and the officers of the Company with respect to all of this subsection, there is no suit, action or proceeding pending or, to the knowledge of the Company, threatened against the Company and there is no judgment, decree, injunction, rule or order of any Government Agency or arbitrator outstanding against the Company.

(n) *No Other Commissions.* There are no persons acting or purporting to act at the request or on behalf of the Company that are entitled to any brokerage or finder's fee in connection with the transactions contemplated in connection with this Agreement.

(o) *Contracts*.

(i) Other than as set forth on Section 4.1(o) of the Disclosure Schedules, the Company does not have any material Contracts as of the date hereof.

(ii) To the knowledge of the Company, and except as otherwise set forth on Section 4.1(o) of the Disclosure Schedules, any and all material Contracts of the Company are valid and subsisting agreements in full force and effect, enforceable in accordance with their respective terms, and the Company is not in default of any of the provisions of any such Contracts, except for any defaults that are not, individually or in the aggregate, reasonably be expected to have an effect that would be Materially Adverse.

(iii) Other than the Company Operating Agreement and the Manager Operating Agreement, the Company is not a party to or bound or affected by any commitment, agreement or document which would prohibit or restrict the Company from entering into this Agreement or completing the Acquisition.

(p) *Liens.* There are no encumbrances or liens (registered or, to the knowledge of the Manager or the officers of the Company, unregistered) against any of the Assets.

(q) *Premises*. With respect to each premises which is material to the Company and which the Company occupies, whether as owner or as tenant (collectively the "**Leased Premises**"), the Company occupies the Leased Premises and has the exclusive right to occupy and use the Leased Premises and each of the leases pursuant to which the Company occupies the Leased Premises is in good standing and in full force and effect under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made or proposed to be made of such property and buildings by the Company.

4.2 Representations and Warranties of the Selling Members.

As of the Agreement Date, each of the Selling Members represents and warrants, with respect to its interests in the Company, severally and not jointly, to and in favour of each of BC Co and NewCo as follows, and each acknowledges that BC Co and NewCo are relying upon such representations and warranties in connection with the completion of the transactions contemplated herein:

(a) The Selling Member is the beneficial and registered holder of the Company Units set forth opposite its name on Schedule A, free and clear from any encumbrances, grant of security interests, pledges, or any other claims that would prevent the sale or transfer of the Selling Members Company Units to BC Co pursuant to this Agreement, except as set forth in the Company Operating Agreement and the Manager Operating Agreement;

(b) The Selling Member has the requisite capacity and authority (as applicable) to enter into this Agreement and this Agreement is enforceable against the Selling Member subject to applicable Laws;

(c) The Company Units owned by the Selling Member are not used as security or any kind or type of collateral;

(d) The Selling Member is not prohibited from entering into this Agreement by Laws applicable to such Selling Member and such Laws are not violated by the Selling Member's entry into this Agreement, and the entry into this Agreement does not result in a breach by the Selling Member of any agreement or arrangement (whether written or oral) to which the Selling Member is a party; and

(e) The Selling Member has not optioned or agreed to assign or transfer any of the securities (or interests, rights or privileges related thereto) of the Company such member holds or has control over, except in accordance with this Agreement as applicable.

PART 5
SURVIVAL OF REPRESENTATIONS AND WARRANTIES

The representations, warranties, covenants and agreements set forth in this Agreement shall survive the Closing and the consummation of the transactions contemplated hereby as follows:

(a) The representations and warranties contained in Part 3(a) (Organization, Standing, Corporate Power, Authority and Non-Contravention), Part 3(b) (Financial Statements and Taxes), Part 3(i) (No Other Commissions), Section 4.1(a) (Organization, Standing Corporate Power, Authority and Non-Contravention), Section 4.1(f) (Taxes), Section 4.1(n) (No Other Commissions), and Section 4.2 (Representations and Warranties of the Selling Members) (each, a "**Fundamental Representation**," and, collectively, the "**Fundamental Representations**") shall not terminate;

(b) All other representations and warranties contained in this Agreement shall terminate on the eighteen (18) month anniversary of the Closing date; and

(c) The covenants and other agreements set forth in this Agreement shall not terminate, except to the extent of any fixed duration set forth herein or as otherwise waived by the non-breaching party pursuant to Section 11.10;

provided that (i) any representation or warranty that would otherwise terminate in accordance with the foregoing shall survive and continue in full force and effect, if a written notice shall have been timely given in accordance with Section 10.3(d) on or prior to such termination date, until the related claim for indemnification has been satisfied or otherwise resolved as provided in Section 10.3, and (ii) the obligations of the Selling Members to indemnify, defend, and hold harmless BC Co pursuant to Section 10.3 on one hand, and the obligations of BC Co, Surviving Co and NewCo to indemnify, defend and hold harmless the Selling Members pursuant to Section 10.3 on the other hand for any claim based on willful misrepresentation, willful breach, willful misconduct or fraud, shall not terminate.

PART 6
COVENANTS OF THE COMPANY AND SELLING MEMBERS

6.1 Covenants of the Company.

The Company hereby covenants and agrees with BC Co and NewCo as follows until the earlier of the Closing Date or Termination Date in accordance with the terms of this Agreement:

6.2 Necessary Consents.

The Company shall use its commercially reasonable efforts to obtain from the Company's Manager, unitholders and all federal, state or other governmental or administrative bodies such approvals or consents as are required to complete the transactions contemplated herein.

6.3 Ordinary Course.

Company shall continue to conduct its business and affairs in the ordinary and normal course of business and agrees not to enter into or terminate any material contracts or transactions or to incur any liabilities, other than in the ordinary course of business, with respect to its businesses, without first obtaining the prior written consent of BC Co, such consent not to be unreasonably withheld.

6.4 Non-Solicitation/Standstill.

Unless as contemplated by this Agreement, the Company hereby covenants and agrees from the date hereof until the Termination Date not to, directly or indirectly, solicit, initiate, knowingly encourage, agree to, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) any bid, the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Acquisition, including but not limited to the sale or transfer of the assets or business of the Company, including without limitation the merger or the sale of such assets or securities of the Company, or an investment in the Company. In the event the Company or any of its Affiliates, including any of their officers, managers or directors, receives any form of offer or inquiry in respect of the foregoing, the Company shall forthwith (in any event within two (2) Business Days following receipt) notify BC Co of such offer or inquiry and provide BC Co with the material terms of the same. Notwithstanding the foregoing, the Company may engage in any of the foregoing activities if the manager of the Company has determined in good faith, after consultation with its outside legal counsel, that failure to engage in any such activity would be inconsistent with its fiduciary duties under applicable law.

6.5 Restrictive Covenants.

The Company hereby covenants and agrees until the Termination Date not to, without BC Co's prior written consent, which may not be unreasonably withheld:

(i) issue any debt, equity or other securities;

(ii) borrow money or incur any indebtedness for money borrowed, except in the ordinary course of business;

(iii) make loans, advances or other payments to directors, officers, employees or consultants of the Company, other than (i) payments made in the ordinary course of business (including payment of salaries or consultant fees at current rates); or (ii) routine advances or payments to directors, officers, employees or consultants of the Company for expenses incurred on behalf of the Company in the ordinary course of business;

(iv) declare or pay any dividends or distribute any of the Company's properties or Assets to its unitholders;

(v) alter or amend the Company's Articles of Organization and Operating Agreement, except as required to give effect to the matters contemplated herein; or

(vi) except as otherwise permitted or contemplated herein, enter into any transaction or material contract which is not in the ordinary course of business or engage in any business enterprise or activity materially different from that carried on or contemplated by the Company as of the date hereof.

6.6 All Other Action.

The Company shall cooperate with BC Co and will use all reasonable commercial efforts to assist BC Co in its efforts to complete the Acquisition, unless such cooperation and efforts would subject the Company to material cost or liability or would be in breach of applicable statutory or regulatory requirements.

6.7 Use of Proceeds of Advances are Restricted.

Until Closing, the Company shall not make any distribution of the Advances or otherwise pay any of the Advances to its members or their affiliates (with the exception of salaries paid to employees or consultants, who are also members of the Company, in the ordinary course of business), and shall otherwise restrict its use of the Advances to operating expenses.

6.8 Notification of Changes.

The Company shall notify BC Co of any significant developments or material change relating to the Company, its business, assets or financial condition promptly after becoming aware of any such development or change.

6.9 Covenants of the Selling Members.

Each Selling Member covenants and agrees with BC Co and NewCo, in relation to the interest it has in the Company, as follows until the earlier of the Closing Date or Termination Date in accordance with the terms of this Agreement:

(a) The Selling Member will remain the beneficial and registered holder of the Company Units free and clear from any encumbrances, grant of security interests, pledges, or any other claims that would prevent the sale or transfer of the Selling Members Company Units to BC Co pursuant to this Agreement;

(b) The Selling Member will have the requisite capacity and authority (as applicable) to complete the transactions contemplated in this Agreement and this Agreement is enforceable against the Selling Member subject to applicable Laws;

(c) The Company Units owned by the Selling Member will not be used as security or any kind or type of collateral; and

(d) The Selling Member will not take any action (unless required by applicable Law) that would prohibit the Selling Member from completing the transactions contemplated by this Agreement pursuant to Laws applicable to such Selling Member or would materially violate such Laws, and the Selling Member will not enter into any agreement or arrangement (whether written or oral) that would result in the Selling Member not being able to sell or transfer the Company Units to BC Co pursuant to this Agreement.

6.10 Covenants in Relation to the Manager.

Except as otherwise contemplated by this Agreement, Company shall promptly notify BC Co of any notification from OLabs Ventures, LLC or its representative(s) to the Company that OLabs Ventures, LLC will cease acting as the Manager. The Company shall promptly notify BC Co with respect to any party replacing OLabs Ventures, LLC as the Manager.

PART 7
COVENANTS OF BC CO

BC Co hereby covenants and agrees with the Company as follows until the earlier of the Closing Date or the Termination Date in accordance with its terms of this Agreement:

7.1 Necessary Consents.

BC Co shall use its commercially reasonable efforts to obtain from BC Co's directors, shareholders, the CSE, and all federal, provincial, municipal or other governmental or administrative bodies (if applicable) such approvals or consents as are required to complete the transactions contemplated herein (including approval of its shareholders of the BC Co Shareholder Consent Materials and the approval of the CSE of the listing of Resulting Issuer Common Shares and the Warrants to be issued pursuant to this Agreement).

7.2 Ordinary Course.

BC Co shall continue to conduct its business and affairs in the ordinary and normal course of business and agrees not to enter into or terminate any material contracts or transactions or to incur any liabilities, other than in the ordinary course of business, with respect to its businesses, without first obtaining the prior written consent of the Company, such consent not to be unreasonably withheld.

7.3 Non-Solicitation.

Unless as contemplated by this Agreement, BC Co hereby covenants and agrees from the date hereof until the Termination Date not to, directly or indirectly, solicit, initiate, knowingly encourage, agree to, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) any bid, the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Acquisition, including but not limited to the sale or transfer of the assets or business of BC Co, including without limitation the merger or the sale of such assets or securities of BC Co, or an investment in BC Co. In the event BC Co or any of its Affiliates, including any of their officers or directors, receives any form of offer or inquiry in respect of the foregoing, BC Co shall forthwith (in any event within two (2) Business Days following receipt) notify BC Co of such offer or inquiry and provide BC Co with the material terms of the same. Notwithstanding the foregoing, BC Co may engage in any of the foregoing activities if its board of directors has determined in good faith, after consultation with its outside legal counsel, that failure to engage in any such activity would be inconsistent with its fiduciary duties under applicable law.

7.4 Restrictive Covenants.

Except as contemplated by this Agreement, BC Co hereby covenants and agrees until the Termination Date not to, without the Company's prior written consent, which may not be unreasonably withheld:

(i) issue any debt, equity or other securities;

(ii) borrow money or incur any indebtedness for money borrowed, except in the ordinary course of business;

(iii) make loans, advances or other payments to directors, officers, employees or consultants of BC Co, other than (i) payments made in the ordinary course of business (including payment of salaries or consultant fees at current rates); or (ii) routine advances or payments to directors, officers, employees or consultants of BC Co for expenses incurred on behalf of BC Co in the ordinary course of business;

(iv) declare or pay any dividends or distribute any of BC Co's properties or Assets to the BC Co Shareholders;

(v) alter or amend the articles of incorporation or articles of BC Co, except as required to give effect to the matters contemplated herein; or

(vi) except as otherwise permitted or contemplated herein, enter into any transaction or material contract which is not in the ordinary course of business or engage in any business enterprise or activity materially different from that carried on or contemplated by BC Co as of the date hereof.

7.5 NewCo.

NewCo shall be validly subsisting and in good standing under Applicable Nevada State Law immediately prior to the Acquisition. BC Co covenants and agrees that NewCo shall not carry on any business and shall not enter into any contracts, agreements, commitments, indentures or other instruments prior to the Closing Date other than this Agreement and as required to effect the Acquisition.

7.6 All Other Action.

BC Co and NewCo shall cooperate with the Company and will use all reasonable commercial efforts to assist the Company in its efforts to complete the Acquisition unless such cooperation and efforts would subject BC Co or NewCo to material cost or liability or would be in breach of applicable statutory and regulatory requirements.

7.7 Consulting/Employment Agreements & other Agreements with Pierce, O'Connell and Technical Lead.

(a) BC Co shall have entered, before or by the Closing Date and time, into (or made such reasonable attempts to enter into) employment or consulting agreements with each of Matthew Dalton Pierce ("**Pierce**"), John Michael O'Connell ("**O'Connell**"), and a technical lead employee reasonably satisfactory to the parties ("**Technical Lead**").

(b) In connection with the Acquisition and the consideration to be paid to Pierce and O'Connell pursuant to this Agreement, each of Pierce and O'Connell (each, an "**Executive**") acknowledge and agree that:

(i) beginning on the Closing Date and ending on the earlier of: (i) the second anniversary of the Closing Date or (ii) the date of termination of the Executive's employment with BC Co by BC Co for Just Cause or termination by the Executive for Good Reason (as defined in the employment agreements referenced in subsection (a) above), the Executive shall not, either directly or indirectly, as an agent, employee, or in any other capacity, engage or participate in any business within the United States that is competitive with the business of BC Co, provided that following such restricted period the Executive shall not be prohibited in any manner whatsoever from obtaining employment with or otherwise forming or participating in a business competitive to the business of BC Co after termination of employment with BC Co; provided, however:

(A) Pierce will not be found to have breached this Section 7.7(b) if he participates in the following permitted activities: participation in the management and business activities of OLabs Ventures, LLC and existing and future portfolio companies of OLabs Ventures, LLC; ownership or participation in the business activities of Robot Dinosaur Games, LLC; and teaching (in any capacity) at the University of California, Los Angeles; and

(B) O'Connell will not be found to have breached this Section 7.7(b) if he participates in the following permitted activities: ownership and participation in the management and business activities of Upright Cartridge Brigade and Knights' Path.

(c) In connection with the Acquisition and the consideration to be paid to Pierce and O'Connell under the agreements mentioned in subsection (a) above, each of the Executives acknowledge and agree that:

(i) beginning on the Closing Date and ending on the earlier of: (i) the second anniversary of the Closing Date and (ii) the date of termination or resignation of the Executive's employment with BC Co for any reason whatsoever, he will not, directly or indirectly, solicit, induce or encourage, or take any action that could reasonably be expected to have the effect of inducing or encouraging any officer, employee, contractor, agent or consultant of BC Co or any of its subsidiaries away from employment with BC Co, whether or not such person would commit a breach of contract by reason of leaving BC Co; and

(ii) beginning on the Closing Date and ending on the earlier of: (i) the first anniversary of the Closing Date and (ii) the date of termination or resignation of the Executive's employment with BC Co for any reason whatsoever, he will not, directly or indirectly, contact or solicit any designated customers or clients of BC Co or any of its subsidiaries for the purpose of selling to the designated customers or clients any products or services which are the same as or substantially similar to, or in any way competitive with, the products or services sold by BC Co or any of its subsidiaries during the Executive's period of employment with BC Co or at the end thereof, as the case may be. For the purposes of this section, a "designated customer or client" means a person who was a customer or client of BC Co or of any of its subsidiaries during some part of the Executive's period of employment with BC Co, and whom the Executive had direct dealings at any time within the last twelve (12) months of employment.

(d) The agreements for Pierce, the Technical Lead and O'Connell mentioned in subsection (a) above will be for a minimum term of two (2) years from the Closing Date (the "**Initial Term**") and will provide for the payment of minimum annual base salaries of one hundred sixty thousand dollars (USD$160,000) for each of Pierce and the Technical Lead and one hundred twenty thousand dollars (USD$120,000) for O'Connell, respectively, and minimum annual bonuses of 25% of such base salaries for each of Pierce and O'Connell and 12.5% for the Technical Lead, respectively (prior to applicable taxes and withholdings and in accordance with BC Co's regular payroll practices). Such agreements shall provide that if Pierce, the Technical Lead or O'Connell are terminated without cause or leave for good reason prior to the end of the Initial Term, each shall be entitled to payment for any unpaid base salary through the end of the Initial Term.

(e) BC Co shall have entered, before or by the Closing Date and time, into (or made such reasonable attempts to enter into) agreements to issue warrants and options to purchase common shares and to pay additional cash compensation to Pierce, O'Connell and the Technical Lead (or their designees) in addition to the base salary and bonuses described in the aforementioned agreements in this section and in accordance with Schedule "B", unless such provision has been included in the agreements mentioned in subsection (a) above.

(f) The foregoing sets out the general intention of the Parties with respect to such employment or consulting agreements or other agreements mentioned in this section, and the Parties will cooperate with each other in redesigning the structure of the Acquisition contemplated herein if so requested by the other in order to optimize the tax efficiency of the Acquisition, including changes necessary to ensure completion of the same, provided that such change would not be a material economic disadvantage to the other Party (who is not requesting such a change).

7.8 Use of Proceeds from the Private Placement.

The Parties acknowledge that the funds from the Private Placement will be held in escrow and not released until the CSE gives conditional approval of the Acquisition.

7.9 Notification of Changes.

BC Co shall notify the Company of any significant developments or material change relating to BC Co or NewCo, its business, assets or financial condition promptly after becoming aware of any such development or change.

PART 8
CONDITIONS PRECEDENT

8.1 Conditions for the Benefit of BC Co.

The transactions contemplated herein are subject to the following conditions to be fulfilled or performed on or prior to the Closing Date, which conditions are for the exclusive benefit of BC Co and may be waived, in whole or in part, by BC Co in its sole discretion; however, the Closing of the Acquisition is deemed as the fulfillment, performance or waiver of these conditions:

(i) **Truth of Representations and Warranties.** The representations and warranties of the Company contained in this Agreement shall have been true and correct as of the date of this Agreement and shall be true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such Closing Date (except as to any such representation or warranty which speaks as of a specific date, which must only be true and correct as of such specific date), except as affected by transactions contemplated or permitted by this Agreement, and except for matters, individually or in the aggregate, not reasonably expected to have a Material Adverse Effect on the Company, and an officer or director of the Company shall provide a certificate addressed to BC Co at Closing confirming the foregoing.

(ii) **Performance of Obligations.** The Company shall have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by them at or prior to the Closing Date, and an officer or director of the Company shall provide a certificate addressed to BC Co at Closing confirming the foregoing.

(iii) **Approvals and Consents.** All required approvals, consents and authorizations of third parties in respect of the transactions contemplated herein, including without limitation all necessary unitholder and regulatory approvals, shall have been obtained on terms acceptable to BC Co acting reasonably, including approval of the Manager of the Company for the Acquisition, the conditional approval of the CSE of the Acquisition and the Listing Statement, the approval of the BC Co Shareholder Consent Materials by the shareholders of BC Co and Investment Committee Approval.

(iv) **Private Placement.** The Private Placement has closed and proceeds related thereto have been released to BC Co from escrow, and any required approval or consent in relation to the Private Placement has been obtained.

(v) **No Material Adverse Change.** There shall have been no Material Adverse Change in the business, results of operations, assets, liabilities, financial condition or affairs of the Company since September 30, 2015 other than a reduction of its cash position and/or accrual of expenses, in each case in order to pay or accrue for professional fees or other expenses in connection with the Acquisition.

(vi) **Deliveries.** The Company shall deliver or cause to be delivered to BC Co the closing documents as set forth in §9.2 in a form satisfactory to BC Co acting reasonably.

(vii) **Proceedings.** All proceedings to be taken in connection with the transactions contemplated in this Agreement shall be satisfactory in form and substance to BC Co, acting reasonably, and BC Co shall have received copies of all instruments and other evidence as it may reasonably request in order to establish the consummation or closing of such transactions and the taking of all necessary proceedings in connection therewith.

(viii) **No Legal Action or Prohibition of Law.** There shall be no action or proceeding pending or threatened by any Person against the Company in any jurisdiction, or any applicable Laws proposed, enacted, promulgated or applied, to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement or which could reasonably be expected to result in a Material Adverse Effect on the Company.

(ix) **No outstanding warrants, options or convertible securities in the Company.** There shall not be outstanding any warrants, options to purchase, or securities convertible into membership interests or any other securities of the Company.

(x) **Completion of Due Diligence.** All legal, business and technical due diligence to the satisfaction of BC Co, acting reasonably, has completed, and BC Co shall have received all operational, technical and properties documentation, material contracts and financial data as may have been reasonably requested for such due diligence.

8.2 Conditions for the Benefit of the Company.

The transactions contemplated herein are subject to the following conditions to be fulfilled or performed on or prior to the Closing Date, which conditions are for the exclusive benefit of the Company and may be waived, in whole or in part, by the Company in its sole discretion; however, the Closing of the Acquisition is deemed as the fulfillment, performance or waiver of these conditions:

(i) **Truth of Representations and Warranties.** The representations and warranties of BC Co contained in this Agreement shall have been true and correct as of the date of this Agreement and shall be true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such Closing Date (except as to any such representation or warranty which speaks as of a specific date, which must only be true and correct as of such specific date), except as affected by transactions contemplated or permitted by this Agreement, and except for matters, individually or in the aggregate, not reasonably expected to have a Material Adverse Effect on BC Co, and an officer or director of BC Co shall provide a certificate to the Company at Closing confirming the foregoing.

(ii) **Performance of Obligations.** BC Co shall have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by BC Co at or prior to the Closing Date, and an officer or director of BC Co shall provide a certificate to the Company at Closing confirming the foregoing.

(iii) **No Material Adverse Change.** There shall have been no Material Adverse Change in the business, results of operations, assets, liabilities, financial condition or affairs of BC Co since September 30, 2015 other than a reduction of its cash position in order to pay professional fees or other expenses in connection with the Acquisition.

(iv) **Approvals and Consents.** All required approvals, consents and authorizations of third parties in respect of the transactions contemplated herein, including without limitation all necessary shareholder and regulatory approvals, shall have been obtained on terms acceptable to the Company acting reasonably, including approval of the board of directors of BC Co of the Acquisition, the conditional approval of the CSE of the Acquisition and the Listing Statement, the approval of the BC Co Shareholder Consent Materials by the shareholders of BC Co, and Investment Committee Approval in accordance with the Company Operating Agreement, the Manager Operating Agreement and applicable Law. BC Co shall have effected the Name Change on terms satisfactory to the Company.

(v) **Private Placement.** The Private Placement has closed and proceeds related thereto have been released to BC Co from escrow, and any required approval or consent in relation to the Private Placement has been obtained.

(vi) **U.S. Registration Exemption**. The issuance of the Resulting Issuer Common Shares issuable pursuant to the Acquisition, and the issuance of the Warrants shall be exempt or excluded from registration requirements under the U.S. Securities Act, and the registration and qualification requirements of all Applicable Securities Law. It is anticipated that BC Co will rely on Rule 506(b) of Regulation D and Rule 903 of Regulation S, as applicable, in connection with the offer and sale of the Resulting Issuer Common Shares and the Warrants. The Company hereby agrees that it will cooperate with BC Co in the preparation of a private placement memorandum containing the information prescribed by Rule 502(b) of Regulation and other documentation to fulfill exemptions or exclusions from registration requirements under the U.S. Securities Act, and the registration and qualification or exemption requirements of all Applicable Securities Law.

(vii) **Exemption from Prospectus Requirements.** The distribution of the Resulting Issuer Common Shares in Canada pursuant to the Acquisition (including those Resulting Issuer Common Shares distributable pursuant to the rights attached to the Warrants) shall be exempt from, or otherwise not subject to, prospectus requirements of Applicable Securities Law and shall be freely tradeable (subject to the usual restrictions under National Instrument 45-102 Resale of Securities, of the Canadian Securities Administrators or pursuant to Applicable Securities Law in the United States). The Company hereby acknowledges and agrees that any Resulting Issuer Common Shares and any Warrants issued to or for the account or benefit of any U.S. Persons or persons in the United States in reliance on Rule 506(b) of Regulation D will be issued as "restricted securities" as defined in Rule 144(a)(3) under the U.S. Securities Act, and will be represented by definitive certificates endorsed with a U.S. restrictive legend in customary form.

(viii) **Issuance of Shares.** The Resulting Issuer Common Shares shall be free and clear of any and all encumbrances, Liens, charges, demands and restrictions on transfer whatsoever except the escrow restrictions imposed by the CSE and restrictive or hold period prescribed under Applicable Securities Law.

(ix) **Deliveries.** BC Co shall deliver or cause to be delivered to the Company BC Co's Closing Documents as set forth in §9.3 in a form satisfactory to the Company, acting reasonably.

(x) **Proceedings.** All proceedings to be taken in connection with the transactions contemplated in this Agreement shall be satisfactory in form and substance to the Company, acting reasonably, and the Company shall have received copies of all instruments and other evidence as it may reasonably request in order to establish the consummation or closing of such transactions and the taking of all necessary proceedings in connection therewith.

(xi) **No Legal Action or Prohibition of Law.** There shall be no action or proceeding pending or threatened by any Person against BC Co in any jurisdiction, or any applicable Laws proposed, enacted, promulgated or applied, to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement or which could reasonably be expected to result in a Material Adverse Effect on BC Co.

(xii) **Completion of Due Diligence.** All legal, business and technical due diligence to the satisfaction of the Company, acting reasonably, has completed, and the Company shall have received all operational, technical and properties documentation, material contracts and financial data as may have been reasonably requested for such due diligence.

PART 9
CLOSING

9.1 Time of Closing.

The Closing of the Acquisition shall be completed on or before the date (the "**Closing Date**") that is five (5) business days following the receipt of conditional acceptance by the CSE (of the Acquisition and listing in relation thereto) or such other date as the Parties mutually agree. The Closing of the Acquisition shall be completed by 4:00 p.m. (Vancouver time) on the Closing Date or other time as mutually agreed by the Parties. Closing of the transactions contemplated herein can be facilitated through electronic communication and document transmission and the physical presence of the Parties' representatives is not required for the Closing of any such transaction unless necessary.

9.2 Company Closing Documents.

On the day of Closing, the Company shall deliver to BC Co the following documents:

(i) a certified copy of the Investment Committee Approval and the written consent of the, each approving and authorizing the transactions herein contemplated;

(ii) a certified copy of the Amended Articles and Restated Operating Agreement, in form reasonably satisfactory to BC Co and as adopted by the Investment Committee and the Manager as provided in this Agreement; and

(iii) the written resignation of the Manager.

9.3 BC Co's Closing Documents.

On the day of Closing, BC Co shall deliver to the Company the following documents:

(i) a certified copy of the resolutions of the directors and shareholders of BC Co and NewCo approving and authorizing the transactions herein contemplated;

(ii) a certified copy of the constating documents and articles of BC Co and bylaws of NewCo, as in effect on the Closing Date;

(iii) Certificates or confirmation of electronic registration (such as Direct Registration Statement (DRS) advice) representing the Resulting Issuer Common Shares issuable to and in the respective names of the Selling Member pursuant to the Acquisition (such certificates or electronic registration to be registered and prepared in accordance with a written direction to be provided by the Company prior to Closing); and

(iv) certificates or option agreements or confirmation of electronic registration of the same representing in the aggregate the Warrants issuable to those entitled to receive Warrants pursuant to this Agreement (such certificates or electronic registration, as the case may be, to be registered and prepared in accordance with a written direction to be provided by the Company prior to Closing).

On or before the day of Closing, BC Co shall deliver the Initial Payment to the Selling Members (or their designees) in the amounts set forth on Schedule A via wire transfer of immediately available funds, subject to any holding or settlement period(s) of the receiving financial institution(s), to the accounts designated by such Selling Members.

PART 10
TERMINATION AND INDEMNITIES

10.1 Automatic Termination.

Unless the Closing has occurred, this Agreement may be terminated (notwithstanding any prior Investment Committee Approval or approval of this Agreement by the BC Co Shareholders), with the Parties having no obligations to each other, other than in respect of the expense provisions contained in §11.6 and the confidentiality provisions contained in §11.1:

(i) By written agreement of the Parties to terminate this Agreement;

(ii) By either the Company or BC Co, if:

(A) The Agreement shall have been voted upon at the Investment Committee Meeting (including any adjournment thereof) or by the BC Co Shareholders, and the Investment Committee or the BC Co Shareholders shall have failed to approve this Agreement by the requisite vote or consent threshold;

(B) If any applicable regulatory or Government Agency, including the CSE, has notified in writing either BC Co or the Company of its determination to not permit the Acquisition to proceed, in whole or in part, and the parties have used commercially reasonable efforts to appeal or reverse such determination, or modify the Acquisition on a basis that is not prejudicial to either party hereto in order to address such determination but the applicable regulatory or Government Agency has notified either BC Co or the Company in writing of its decision not to allow the appeal, reversal, or the modification to reverse its determination;

(C) the Closing of the Acquisition has not occurred by 5:00 p.m. (Vancouver time) on September 1, 2016; or

(D) in the event of a breach by the other Party of any representation, warranty, covenant or other agreement contained in this Agreement which (A) would give rise to the failure of a condition set forth in §8.1 or §8.2, as applicable, if it was continuing as of the Closing Date and (B) cannot be or has not been cured or waived (by the non-breaching party) by the earlier of thirty (30) days after the giving of written notice to the breaching party of such breach and the basis for such notice, and the date of the proposed termination;

(iii) By the Company, if:

(A) the Additional Advance is not made on or prior to the Additional Advance Default Date to the Company;

(B) the Outside Date having been reached (as such may be extended pursuant to Section 2.10); or

(C) (i) except such conditions that, by their nature, can only be satisfied at the Closing, all conditions set forth in §8.2 have been satisfied or waived and (ii) the Closing shall not have been consummated on or prior to the date and time set forth in §10.1(ii)(C), other than as a result of the Company's refusal to close in violation of this Agreement.

10.2 Effect of Termination & Termination Fee.

Each Party's right of termination under this Part 10 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. Nothing in Part 10 shall limit or affect any other rights or causes of action any Party may have with respect to the representations, warranties, covenants and indemnities in its favour contained in this Agreement.

If the Acquisition is terminated due to the material breach, default, gross negligence, willful misconduct or fraud of the Company under this Agreement, then the Company shall repay the Advances to BC Co within 30 calendar days of the Termination Date. If the Acquisition is terminated for any other reason, then the Company shall be irrevocably be entitled to the Advances, and within 10 calendar days of the Termination Date, Versus shall issue Class A units of the Company to BC Co with a percentage interest equal to 5.88% of the equity of the Company, on a fully-diluted basis, for each Advance paid to the Company prior to such termination.

10.3 Indemnities.

(a) **Indemnification of BC Co**. The Selling Members shall severally and not jointly indemnify, defend and hold harmless BC Co and its officers, directors, employees, agents, representatives, successors and permitted assigns (collectively, the "**BC Co Indemnified Parties**") from and against, and pay on behalf of or reimburse such BC Co Indemnified Parties as and when incurred, any loss, liability, demand, claim, action, cause of action, damage, cost, deficiency, diminution in value, tax, penalty, fine or expense, whether or not arising out of third party claims (including interest, penalties, reasonable attorneys' fees and expenses and all amounts paid in investigation, defense or settlement of any of the foregoing (collectively, the "**Losses**") which such BC Co Indemnified Party may suffer, sustain or become subject to, arising out of any breach or inaccuracy of any representation or warranty under Part 4.

(b) **Indemnification of Selling Members**. Without limiting any other rights that any indemnified party may have pursuant to any employment agreement, consulting agreement or indemnification agreement in effect on the date hereof or otherwise, BC Co, Newco and Surviving Co shall jointly and severally indemnify the Selling Members and its officers, directors, employees, agents, representatives, successors and permitted assigns (collectively, the "**Selling Member Indemnified Parties**") from and against, and pay on behalf of or reimburse such Selling Member Indemnified Parties as and when incurred, any Loss which such Selling Member Indemnified Party may suffer, sustain or become subject to, arising out of any breach or inaccuracy of any representation or warranty under Part 3.

(c) **Limitations on Indemnification**.

(i) The Selling Members shall not be required to indemnify any BC Co Indemnified Party pursuant to, and shall not have any liability under, Section 10.3(a) until the aggregate amount of all Losses for which the Selling Members would be liable under Section 10.3(a) exceeds on a cumulative basis an amount equal to USD$125,500 (the "**Basket**"), in which case the Selling Members shall be obligated to indemnify the BC Co Indemnified Parties for all Losses relating back to the first dollar (which for clarity includes the Basket amount); provided, however, that the Basket shall not apply to any Losses related to and the Selling Members remain liable to indemnify any BC Co Indemnified Party for any Losses below the Basket in relation to any inaccuracy or breach of any Fundamental Representation or any claim based on willful misrepresentation, willful breach, willful misconduct or fraud.

(ii) BC Co, Surviving Co and Newco shall not be required to indemnify any Selling Member pursuant to, and shall not have any liability under, Section 10.3(b) until the aggregate amount of all Losses for which BC Co, Surviving Co and NewCo would be liable under Section 10.3(b) exceeds the Basket, in which case BC Co shall be obligated to indemnify the Selling Members for all Losses relating back to the first dollar (which for clarity includes the Basket amount); provided, however, that the Basket shall not apply to any Losses related to and BC Co remains liable to indemnify any Selling Member Indemnified Party for any Losses below the Basket in relation to any inaccuracy or breach of any Fundamental Representation or any claim based on willful misrepresentation, willful breach, willful misconduct or fraud.

(iii) The Selling Members shall not be required to indemnify any BC Co Indemnified Party pursuant to, and shall not have any further liability under, Section 10.3(a) once the aggregate amount of all payments made by or on behalf of the Selling Members in respect of the indemnification obligations under Section 10.3(a) equals USD$2,125,000 (the "**Cap**"); provided that this Section 10.3(c)(iii) shall not apply to any Losses related to any inaccuracy or breach of any Fundamental Representation or any claim based on willful misrepresentation, willful breach, willful misconduct or fraud, and no such amounts shall be counted towards the Cap.

(iv) BC Co, Surviving Co and NewCo shall not be required to indemnify any Selling Member pursuant to, and shall not have any further liability under, Section 10.3(b) once the aggregate amount of all payments made by or on behalf of BC Co Co, Surviving Co and NewCo in respect of the indemnification obligations under Section 10.3(b) equals the Cap; provided that this Section 10.3(c)(iv) shall not apply to any Losses related to any inaccuracy or breach of any Fundamental Representation or any claim based on willful misrepresentation, willful breach, willful misconduct or fraud, and no such amounts shall be counted towards the Cap.

(d) **Indemnification Procedure.** Any party making a claim for indemnification under this Section 10.3 (an "**Indemnitee**") shall notify the indemnifying party (an "**Indemnitor**") of the claim in writing promptly, but in no event more than 10 business days, after receiving written notice of any action, lawsuit, proceeding, investigation or other claim against it or discovering the liability, obligation or facts giving rise to such claim for indemnification, describing the claim, the amount thereof (if known and quantifiable) and the basis thereof; provided that the failure to so notify an Indemnitor shall not relieve the Indemnitor of its obligations hereunder except (i) to the extent that (and only to the extent that) such failure shall have caused the damages for which the Indemnitor is obligated to be greater than such damages would have been had the Indemnitee given the Indemnitor prompt notice hereunder or (ii) the Indemnitor is otherwise prejudiced by such failure in which case only to the extent of such prejudice. With respect to any third-party claim, any Indemnitor shall be entitled to participate in the defense of such action, lawsuit, proceeding, investigation or other claim giving rise to an Indemnitee's claim for indemnification at such Indemnitor's expense, and at its option (subject to the limitations set forth below) shall be entitled to appoint regionally-recognized and reputable counsel reasonably acceptable to the Indemnitee to be the lead counsel in connection with such defense; provided further that, prior to the Indemnitor assuming control of such defense, it shall first (i) verify to the Indemnitee in writing that such Indemnitor shall be fully responsible (with no reservation of any rights) for all liabilities and obligations relating to such claim for indemnification and that it shall provide full indemnification (whether or not otherwise required hereunder) to the Indemnitee with respect to such action, lawsuit, proceeding, investigation or other claim giving rise to such claim for indemnification hereunder and (ii) enter into an agreement with the Indemnitee in form and substance reasonably satisfactory to the Indemnitee (including with respect to Indemnitor's creditworthiness) which agreement unconditionally guarantees the payment and performance of any liability or obligation which may arise with respect to such action, lawsuit, proceeding, investigation or facts giving rise to such claim for indemnification hereunder; and provided further that:

(i) the Indemnitee shall be entitled to participate in the defense of such claim and to employ counsel of its choice for such purpose; provided that the fees and expenses of such separate counsel in relation to the joint defense of such claim with the Indemnitor shall be borne by the Indemnitee (other than any fees and expenses of such separate counsel that are incurred prior to the date the Indemnitor effectively assumes control of such defense pursuant to the foregoing provisions, all of which fees and expenses (notwithstanding the foregoing) shall be borne solely by the Indemnitor);

(ii) the Indemnitor shall not be entitled to assume control of such defense and shall pay the fees and expenses of counsel retained by the Indemnitee if (A) the claim for indemnification relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation; (B) the Indemnitee reasonably believes an adverse determination with respect to the action, lawsuit, investigation, proceeding or other claim giving rise to such claim for indemnification would be materially detrimental to or materially injure the Indemnitee's reputation or future business prospects; (C) the claim seeks an injunction or equitable relief against the Indemnitee; (D) upon petition by the Indemnitee, the appropriate court rules that the Indemnitor failed or is failing to vigorously prosecute or defend such claim; or (E) counsel to the Indemnitee shall have reasonably concluded that there is an actual conflict of interest between the Indemnitee and the Indemnitor in the conduct of such defense;

(iii) if the Indemnitor shall control the defense of any such claim, the Indemnitor shall obtain the prior written consent of the Indemnitee (which shall not be unreasonably withheld) before entering into any settlement of a claim or ceasing to defend such claim if, pursuant to or as a result of such settlement or cessation, injunctive or other equitable relief shall be imposed against the Indemnitee or if such settlement does not expressly and unconditionally release the Indemnitee from all liabilities and obligations with respect to such claim, without prejudice; and

(iv) if the Indemnitor does not elect to control the defense of such claim pursuant to the foregoing provisions, the Indemnitee may defend against such claim in such manner as it may in its good faith discretion deem appropriate (and the Indemnitor shall be liable for any legal fees and expenses reasonably incurred in connection with such defense).

PART 11
GENERAL

11.1 Confidential Information.

No disclosure or announcement, public or otherwise, in respect of this Agreement or the transactions contemplated herein will be made by BC Co or the Company or their representatives without the prior agreement of the other Party as to timing, content and method, except for disclosure by a Party made to its own representatives, and its legal and accounting consultants. The obligations herein will not prevent any Party from making, after consultation with the other Party, such disclosure as its counsel advises is required by applicable law or the rules and policies of the CSE.

Except as and only to the extent required by applicable Laws, a Receiving Party will not disclose or use, and it will cause its representatives not to disclose or use, any Confidential Information furnished, or to be furnished, by a Disclosing Party or its representatives to the Receiving Party or its representatives at any time or in any manner other than for purposes of evaluating and completing the transactions proposed in this Agreement.

If this Agreement is terminated, each Receiving Party will promptly return to the Disclosing Party or destroy any Confidential Information and any work product produced from such Confidential Information in its possession or in the possession of any of its representatives.

11.2 Counterparts.

This Agreement may be executed in several counterparts (by original or facsimile or e-mail transmitted signature), each of which when so executed shall be deemed to be an original and each of such counterparts, if executed by each of the Parties, shall constitute a valid and enforceable agreement among the Parties. This Agreement may be signed manually or by electronic signature, and may be delivered by electronic transmission.

11.3 Severability.

In the event that any provision or part of this Agreement is determined by any court or other judicial or administrative body to be illegal, null, void, invalid or unenforceable, that provision shall be severed to the extent that it is so declared and the other provisions of this Agreement shall continue in full force and effect.

11.4 Applicable Law.

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein without giving effect to the conflicts of laws of principles thereof and without reference to the laws of any other jurisdiction. The Parties agree to submit to the exclusive jurisdiction of the courts of Vancouver, British Columbia, provided that nothing in this Agreement shall prevent either party from seeking injunctive relief in the courts of any competent jurisdiction.

11.5 Successors and Assigns.

This Agreement shall accrue to the benefit of and be binding upon each of the Parties hereto and their respective, administrators and permitted assigns, provided that this Agreement shall not be assigned by any one of the Parties without the prior written consent of the other Parties.

11.6 Expenses.

Each of the Parties hereto shall be responsible for its own costs and charges incurred with respect to the transactions contemplated herein including, without limitation, all costs and charges incurred prior to the date hereof and all legal and accounting fees and disbursements relating to preparing this Agreement or otherwise relating to the transactions contemplated herein.

11.7 Further Assurances.

Each of the Parties hereto will, without further consideration, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such other documents, instruments of transfer, conveyance, assignment and assurances and secure all necessary consents and authorizations as may be reasonably requested by another party and take such further action as the other may reasonably require to give effect to any matter provided for herein.

11.8 Entire Agreement.

This Agreement and the schedules referred to herein constitute the entire agreement among the Parties hereto and supersede all prior communications, agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, with respect to the subject matter hereof, including the letter of intent of the Parties accepted by the Company on November 23, 2015. None of the Parties hereto shall be bound or charged with any oral or written agreements, representations, warranties, statements, promises, information, arrangements or understandings not specifically set forth in this Agreement or in the schedules, documents and instruments to be delivered by and/or on the Closing Date pursuant to this Agreement. The Parties hereto further acknowledge and agree that, in entering into this Agreement and in delivering the schedules, documents and instruments to be delivered by and/or on the Closing Date, they have not in any way relied, and will not in any way rely, upon any oral or written agreements, representations, warranties, statements, promises, information, arrangements or understandings, express or implied, not specifically set forth in this Agreement or in such schedules, documents or instruments attached hereto or referenced therein (including the schedules, documents or instruments to be delivered by and/or on the Closing Date).

11.9 Notices.

Any notice required or permitted to be given hereunder shall be in writing and shall be effectively given if (i) delivered personally, (ii) sent prepaid courier service or mail, or (iii) sent by facsimile, e-mail or other similar means of electronic communication addressed as follows:

in the case of notice to BC Co or NewCo:

Opal Energy Corp.
Suite 302 – 1620 West 8th Avenue
Vancouver, B.C., V6J 1V4
Attention: Leah Martin
Fax: N/A
E-mail: lmartin@intrepidfinancial.ca

In the case of notice to the Company:

Versus, LLC
10990 Wilshire Blvd., Suite 140
Los Angeles, CA 90024
Attention: Matthew Pierce

Fax: N/A
E-mail: matthew.pierce@olabsventures.com

With a copy to:

Manatt, Phelps & Phillips, LLP
11355 West Olympic Blvd.
Los Angeles, CA 90064
Attention: T. Hale Boggs, Esq.
Fax: (310) 914-5822
E-mail: hboggs@manatt.com

Any notice, designation, communication, request, demand or other document given or sent or delivered as aforesaid shall:

(i) if delivered as aforesaid, be deemed to have been given, sent, delivered and received on the date of delivery;

(ii) if sent by mail as aforesaid, be deemed to have been given, sent, delivered and received on the fourth Business Day following the date of mailing, unless at any time between the date of mailing and the fourth Business Day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike or lockout or work slowdown, affecting postal service at the point of dispatch or delivery or any intermediate point, in which case the same shall be deemed to have been given, sent, delivered and received in the ordinary course of the mail, allowing for such discontinuance or interruption of regular postal service, and

(iii) if sent by facsimile or other means of electronic communication, be deemed to have been given, sent, delivered and received on the Business Day of the sending if sent during normal business hours on a Business Day (otherwise on the following Business Day).

11.10 Waiver.

Any Party hereto which is entitled to the benefits of this Agreement may, and has the right to, waive any term or condition hereof at any time on or prior to the Closing Date, provided however that such waiver shall be evidenced by written instrument duly executed on behalf of such Party; however, any e-mail containing such waiver sent from the respective e-mail address of BC Co, NewCo or the Company (as applicable and as noted under §11.9) is deemed to be a written instrument duly executed on behalf of such Party for the purposes of this §11.10.

11.11 Amendments.

No modification or amendment to this Agreement may be made unless agreed to by the Parties hereto in writing.

11.12 Remedies Cumulative.

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

11.13 Currency.

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

11.14 Time of Essence.

Time shall be of the essence hereof.

11.15 Public Announcement.

The Parties hereby agree to coordinate making public disclosure with respect to the Acquisition as soon as possible after the execution by the Parties of this Agreement. If any Party is required by law or regulatory rule or policy of the CSE to make a public announcement with respect to the Acquisition, such Party will provide as much notice to the other Party as soon as reasonably possible, including the proposed text of the announcement.

[Signature Page Follows]

IN WITNESS WHEREOF this agreement has been executed by the Parties hereto as of the date first above written.

Opal Energy Corp.

Per: /s/ Brandon Boddy
Authorized Signatory
Name: Brandon Boddy
Title: Director

Opal Energy (Holdco) Corp.

Per: /s/ Brandon Boddy
Authorized Signatory
Name: Brandon Boddy
Title: Director

Versus, LLC

Per: /s/ Matthew Pierce
Authorized Signatory
Name: Matthew D. Pierce
Title: Chief Executive Officer

The Selling Members

OLabs Ventures, LLC

Per: /s/ Matthew Pierce
Authorized Signatory
Name: Matthew D. Pierce
Title: Chief Executive Officer

ICM Partners

Per: /s/ Richard Levy
Name: Richard Levy
Title: General Counsel

THE SANDOVAL PIERCE FAMILY TRUST,
EST. MAY 20, 2015

Per: /s/ Matthew Pierce
Authorized Signatory
Name: Matthew D. Pierce
Title: Co-Trustee

Per: /s/ Magdalena G. Sandoval
Authorized Signatory
Name: Magdalena G. Sandoval
Title: Co-Trustee

Brian Hughes

/s/ Brian Hughes

Brandii Grace

/s/ Brandii Grace

John O'Connell

/s/ John O'Connell

SCHEDULE "A"

SELLING MEMBERS

Confidential and Privileged

Member Name	Units owned by Member prior to Closing	Units to be purchased from Member by BC Co at Closing	Cash Consideration to be paid by BC Co to such Member
OLabs Ventures, LLC	7,200 Class A Units	2,700 Class A Units	$ 1,206,703.91
ICM Partners	125 Class A Units	46.875 Class A Units	$ 20,949.72
The Sandoval Pierce Family Trust, Est. May 20, 2015	500 Class B Units	187.5 Class B Units	$ 83,798.88
Brandii Grace	1,000 Class B Units	375 Class B Units	$ 167,597.77
Brian Hughes	100 Class B Units	37.5 Class B Units	$ 16,759.78
John O'Connell	25 Class B Units	9.375 Class B Units	$ 4,189.94
Total:	**8,950**	**3,356.25 Units**	**$ 1,500,000.00**

SCHEDULE "B"

ADDITIONAL COMPENSATION

Confidential and Privileged

Performance Warrants

The number of warrants to purchase common shares in the capital of BC Co set forth opposite the Executives' name below shall vest upon the earlier to occur of the milestone or the date set forth below. The warrants shall expire 5 years from the date of issuance.

	Milestones/Dates of Vesting of Performance Warrants	Executive	Number & Price of Performance Warrants
1.	**Milestone**: filing of any new intellectual property on behalf of the company after March 1, 2016 - this includes patent filings with the USPTO or PCT filing. It also includes new provisional patents, or continuation(s)- in-part for the existing filing Systems and Methods for Creating and Maintaining Real Money Tournaments for Video Games. **Date:** June 30, 2016	Matthew Pierce John O'Connell Technical Lead	Vest 1,176,500 common share purchase warrants at CND$0.25 Vest 294,118 common share purchase warrants at CND$0.25 Vest 196,678 common share purchase warrants at CND$0.25
2.	**Milestone**: Sign a licensing or development contract including master service contract, master service agreement, binding letter of intent, joint venture agreement, partnership agreements or similar contract with any company in the business of manufacturing, developing, publishing, or distributing video games, including, but not limited to, the companies listed in Schedule D of the employment agreement. **Date:** September 30, 2016	Matthew Pierce John O'Connell Technical Lead	Vest 1,176,500 common share purchase warrants at CND$0.25 Vest 294,118 common share purchase warrants at CND$0.25 Vest 196,678 common share purchase warrants at CND$0.25
3.	**Milestone**: Sign a licensing or development contract including master service contract, master service agreement, binding letter of intent, joint venture agreement, partnership agreements or similar contract with a "top tier" company that is in the business of manufacturing, developing, publishing, or distributing video games. Any company, game, game franchise, or platform listed in Schedule D of the employment agreement meets this standard. As would any company, game, game franchise, or platform listed in the "Top Games" and/or "Market Movers" reports published by Superdata. **Date:** March 31, 2017	Matthew Pierce John O'Connell Technical Lead	Vest 1,176,500 common share purchase warrants at CND$0.25 Vest 294,118 common share purchase warrants at CND$0.25 Vest 196,678 common share purchase warrants at CND$0.25

	Milestones/Dates of Vesting of Performance Warrants	Executive	Number & Price of Performance Warrants
4.	**Milestone**: The receipt of the first dollar of top line revenue resulting from any business activity including but not limited to pay-to-play match gameplay, technology licensing, advertising, partnership agreements, or other revenue. **Date:** September 30, 2017	Matthew Pierce	Vest 1,176,500 common share purchase warrants at CND$0.25
		John O'Connell	Vest 294,118 common share purchase warrants at CND$0.25
		Technical Lead	Vest 196,678 common share purchase warrants at CND$0.25
5.	**Milestone**: The completion of the first one million (1,000,000) matches, in aggregate, in all games, across all platforms, using the Versus system. This includes matches featuring any prizing including downloadable content, consumer packaged goods, and/or real-money. This also includes any matches completed by Versus or by publishers and developers that license or in any other way use the Versus system to create, operate, or distribute prizes in their games. **Date:** March 31, 2018	Matthew Pierce	Vest 1,176,500 common share purchase warrants at CND$0.25
		John O'Connell	Vest 294,118 common share purchase warrants at CND$0.25
		Technical Lead	Vest 196,678 common share purchase warrants at CND$0.25
6.	**Milestone**: The receipt of $2.5 million dollars (USD) in top-line revenue resulting from any business activity including but not limited to pay-to-play match gameplay, technology licensing, advertising, partnership agreements, or other revenue. **Date:** September 30, 2018	Matthew Pierce	Vest 588,250 common share purchase warrants at CND$0.25
		John O'Connell	Vest 147,059 common share purchase warrants at CND$0.25
		Technical Lead	Vest 98,339 common share purchase warrants at CND$0.25
7.	**Milestone**: The receipt of $10 million dollars (USD) in top-line revenue resulting from any business activity including but not limited to pay-to-play match gameplay, technology licensing, advertising, partnership agreements, or other revenue. **Date**: March 31, 2019	Matthew Pierce	Vest 588,250 common share purchase warrants at CND$0.25
		John O'Connell	Vest 147,059 common share purchase warrants at CND$0.25
		Technical Lead	Vest 98,339 common share purchase warrants at CND$0.25

Performance Cash Bonus

The Executive shall receive a cash bonus in an amount set forth opposite his name below, in accordance with the EBITDA attained in the then-current fiscal year.

Executive	Performance Milestone	Cash Bonus
Matthew Pierce John O'Connell	The Company generating EBITDA of at least US$1 million within the then current fiscal year.	50% of Base Salary
	The Company generating EBITDA of at least US$2 million within the then current fiscal year.	100% of Base Salary
	The Company generating EBITDA of at least US$4 million within the then current fiscal year.	200% of Base Salary
Technical Lead	The Company generating EBITDA of at least US$1 million within the then current fiscal year.	25% of Base Salary
	The Company generating EBITDA of at least US$2 million within the then current fiscal year.	50% of Base Salary
	The Company generating EBITDA of at least US$4 million within the then current fiscal year.	100% of Base Salary

Stock Options

The Executive shall be entitled to receive the number and type of options to purchase common shares in the capital of BC Co set forth opposite his name below, which shall vest in accordance with the dates set forth below.

Executive	Number of Stock Options	Vesting of Stock Options
Matthew Pierce	2,824,000 incentive stock options at CND$0.27/share	941,333 options vest and become exercisable on the effective date of the employment agreement; 941,333 options vest and become exercisable one year from the effective date of the employment agreement; and 941,334 options vest and become exercisable two years from the effective date of the employment agreement
O'Connell	705,882 non-qualified stock options at CND$0.27/share	235,294 options vest and become exercisable on the effective date of the employment agreement; 235,294 options vest and become exercisable one year from the effective date of the employment agreement; and 235,294 options vest and become exercisable two years from the effective date of the employment agreement
Technical Lead	470,589 incentive stock options at CAD$0.27/share	156,863 options vest and become exercisable on the effective date of the employment agreement; 156,863 options vest and become exercisable one year from the effective date of the employment agreement; and 156,863 options vest and become exercisable two years from the effective date of the employment agreement.

SCHEDULE "C"

INTELLECTUAL PROPERTY OF THE COMPANY

PCT application (PCT/US15/40060)

US utility application (Application No. 14/796,966)

SCHEDULE "D"

DISCLOSURE SCHEDULE

Confidential and Privileged

The schedule numbers in this Disclosure Schedule correspond to the section and schedule numbers in this Agreement. Any information disclosed in one Schedule of this Disclosure Schedule shall be deemed to be disclosed in and incorporated into any other Schedule to which the applicability of such disclosure is reasonably apparent on the face of the disclosure. The inclusion of information in a Schedule shall not deem such information to be material nor to broaden or amplify the Company's or the Selling Member's representations and warranties, covenants or agreements contained in this Agreement. No reference in this Disclosure Schedule to any agreement or document shall be construed as an admission or indication to any party other than to BC Co (and then only to the extent expressly so stated or represented) that such agreement or document is enforceable or currently in effect under such agreement or document. No disclosure in this Disclosure Schedule relating to any possible breach or violation of any agreement, law, or regulation shall be construed as an admission or indication that any such breach or violation exists or has actually occurred. Certain sections of this Disclosure Schedule may contain more information than is required to be provided by this Agreement. No representation, warranty or assurance is given with respect to such additional information. All capitalized terms in this Disclosure Schedule shall have the meanings given them in this Agreement, unless indicated otherwise.

Section 4.1(a)(vii) – Compliance with Laws

See Letter Re: Analysis of Versus Pay-to-Play Game and Applicable State Gambling/Lottery Laws, dated as of October 17, 2014, from Manatt, Phelps & Phillips, LLP to the Company.

Section 4.1(o)(i) – Material Contracts

Nondisclosure Agreement between Electronic Arts, Inc. and the Company, dated September 8, 2015.

Nondisclosure Agreement between Activision Blizzard, Inc. and the Company, dated September 15, 2015.

Nondisclosure Agreement between Riot Games, Inc. and the Company, dated October 28, 2014.

Nondisclosure Agreement between Capcom USA, Inc. and the Company, dated May 18, 2015.

Nondisclosure Agreement between Academy of Interactive Arts & Sciences and the Company, dated November 4, 2015.

Letter of Intent between Koei Tecmo America, Inc. and the Company, dated August 24, 2015.

Letter of Intent between Camy Electronics and Plastics, LLC and the Company, dated July 10, 2015.

Letter of Intent between Valhalla Games Studios Co., Ltd. and the Company, dated September 22, 2015.

Letter of Intent between Han Cholo, Inc. and the Company, dated September 28, 2015.

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL ANDWOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED.

SOFTWARE LICENSE, MARKETING AND LINKING AGREEMENT
Agreement # CW44765

THIS SOFTWARE LICENSE, MARKETING AND LINKING AGREEMENT ("Agreement") is entered into as of March 6, 2019 (the "Effective Date") by and between HP Inc., a Delaware corporation, and its divisions and Affiliates ("HP"), and Versus, LLC, a Nevada limited liability corporation ("Supplier"). HP and Supplier shall also be referred to as "Party" or "Parties".

The Parties hereby agree as follows:

1. DEFINITIONS

1.1 "Advertiser" means a party which pays Supplier for advertising and/or delivering prizes on HP Products.

1.2 "Affiliate" means a corporation or other business entity anywhere in the world in which a Party owns or controls, directly or indirectly, an equitable interest representing the right to elect the majority of the directors or persons performing similar functions or, if the law of the applicable jurisdiction does not permit such majority interest, then the maximum allowable under such law, or in which the Party otherwise exercises a majority of such ownership control by any other means.

1.3 "Complete Copy" of the Software shall include (i) a master copy of the Software in object code form which satisfies all functional specifications set forth in the documentation, (ii) all documentation and technical manuals for the Software, and (iii) any other documentation and information regarding the Software which HP reasonably requests to accomplish evaluation and use of the Software as contemplated herein, each in the form(s) and on the media described in Exhibit A.

1.4 "Confidential Information" means technical and business information, including without limitation information about product plans and strategies, promotions, customers and related non-technical business information which the disclosing Party considers to be confidential and which is marked as confidential at the time of disclosure or which, if disclosed orally, is identified as confidential at the time of disclosure and is followed within thirty (30) days of disclosure with a written memorandum.

1.5 "End User" means a purchaser or user of an HP Product purchased for end use and not for resale or further sublicensing.

1.6 "Enhancements" means all present and future bug fixes, error corrections, updates, modifications, new features, new functionalities or upgrades to the Software.

1.7 "HP App Store" means the marketplace, channel within a marketplace, similar store (or any successor or replacement thereto), or any location where HP makes available at HP's sole discretion Materials, or where the Link is implemented, or any other means such as a marketplace or similar store controlled by HP through which Supplier provides End User access to the software.

1.8 "HP Brand Features" means specific trademarks, service marks, logos and other distinctive brand features of HP that are used in or relate to HP's business.

1.9 "HP Product(s)" means any product, software application, or service selected at HP's sole discretion that supports or incorporates Supplier Software and/or Supplier Service that is sold or licensed under the HP or an HP Affiliate's brand or trademark, or any HP Product made available under any third party brand or name and any prerelease versions thereof.

1.10 "Link" means the unique Uniform Resource Locator ("URL") provided by Supplier to HP that enables End Users to access the Supplier Service and to purchase Supplier Service and/or applications that identify and track End Users and Purchasers who access the Supplier Service.

1.11 "Materials" means Supplier Brand Features, Supplier site, Link, text, pictures, graphics, icons, and buttons (including but not limited to those that will be placed on the desktop interface or other interfaces within the HP Products), screen displays of Software, or other works of authorship, and any documentation provided to HP, and all content and information provided via the Supplier Service, and any part or combination thereof.

1.12 "Personal Data" means any information relating to an identified or identifiable living individual or as otherwise defined by applicable privacy law. An identifiable person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to his physical, physiological, genetic, mental, economic, cultural or social identity

1.13 "Potentially Unwanted Programs" means software that may result in a decrease in the functionality, reliability, usability, performance, supportability, or privacy of the device the software is installed on, including malicious code, regardless of whether the End User provided consent to download such software.

1.14 "Process(es)," "Processing" or "Processed" means any operation or set of operations which is performed upon Personal Data whether or not by automatic means, including, without limitation, accessing, collecting, recording, organizing, retaining, storing, adapting or altering, retrieving, consulting, using, disclosing, making available, aligning, combining, blocking, erasing and destroying personal data and any equivalent definitions in applicable laws to the extent that such definitions should exceed this definition.

1.15 "Purchaser" means any End User who registers for an account or completes a subscription or other transaction through the Supplier Service or Software.

1.16 "Software" means the software program(s), in any applicable form, listed and specified in Exhibit A hereto, including all Enhancements of any such Software, source code or documentation, and localized versions thereof, and any software program or title added to Exhibit A by amendment or addendum during the Term.

1.17 "Supplier Brand Features" means all trademarks, trade names, service marks, logos and other distinctive brand features that are used in or relate to Supplier's business.

1.18 "Supplier Service" means the Supplier-provided service as further described in Exhibit A and made available to End Users pursuant to the terms of this Agreement.

1.19 "Third Party Technology" means any software component, program, source code, or other technology, including but not limited to software licensed from a third party or subject to a third party license (including, without limitation, an open source or freeware license).

2. DELIVERY OF MATERIALS AND SOFTWARE

2.1 Access to Materials. Supplier will provide access to HP all Materials that Supplier would like HP to display in accordance with the delivery schedule in Exhibit A. HP has the right to review and accept or reject these Materials in its sole discretion. In the event such deliverables do not conform to the specifications required by HP, HP will inform Supplier of the reason(s), and Supplier will use commercially reasonable efforts to resubmit the Materials revised following HP's specifications or requirements

2.2 Testing and Delivery of Software by Supplier.

2.2.1 Delivery. Supplier will deliver to HP a Complete Copy of the Software in accordance with the delivery schedule in Exhibit A. All deliveries of Software or other requirements as specified in this Agreement shall be delivered electronically or as designated by HP.

2.2.2 Testing. Supplier will test the Software for the presence of any known viruses or other harmful software designed to permit unauthorized access, or to perform any other such actions that will materially damage or interfere with HP Products, any data, or other computer programs on the associated HP Products; and Supplier shall bear all costs and expenses with respect to performing the Software testing obligations. At HP's sole discretion, HP may provide Supplier with access to the HP Products specified in, and in accordance with the terms of, an HP standard Equipment Loan Agreement separately executed by both Parties.

2.3 Conformance Testing. HP will be entitled to test and evaluate any Supplier Service, Software or Enhancement for conformity with the relevant specifications and documentation, and any applicable HP requirements, including for revenue tracking and reporting purposes if applicable, by whatever means it deems appropriate consistent with Supplier's rights in the Supplier Service and Software, and Supplier hereby grants to HP any licenses necessary for HP to perform its testing and evaluation. Such licenses will include the right of HP to use third party subcontractors to achieve the foregoing subject to such third party executing separate agreements containing substantially similar confidentiality provisions to those contained herein. Supplier will cooperate with HP in revenue tracking testing activities as specified by HP to ensure accurate tracking and reporting. If HP reports non-conformance of any Supplier Service, Software or Enhancement for resolution, Supplier will use reasonable commercial efforts to correct the identified defects and resubmit the Supplier Service, Software or Enhancement to HP within the time period specified by HP for re-evaluation under the same acceptance procedure. Supplier will deliver Enhancements to HP within the same timeframe as Supplier provides Enhancements for direct sale or use in conjunction with other third party products.

2.4 Enhancements. Supplier agrees to deliver to HP a Complete Copy of any Enhancement within five (5) days of its being released to manufacturing by Supplier. HP shall have the right to test and evaluate the Enhancement under the acceptance procedure described above.

2.5 Removal by End Users; Option to Accept Updates. Supplier will provide End Users with clearly stated directions and a simple method for uninstalling the Software. Uninstalling Software includes without limitation, the removal of all traces of: (i) the Software; and (ii) any system changes made by the Software or Supplier Service. End User generated data shall remain on the HP Product. If Supplier makes Enhancements to the Software available to End Users, Supplier will present the End Users with a clearly stated option as to whether to accept such Enhancements.

2.6 Compatibility. The Parties intend that during the Term of this Agreement, the Software will be compatible with future releases and revisions of HP Products, including new or revised versions of the operating systems for HP Products, provided that such new HP Products support the Software. Supplier agrees to use its best efforts to provide HP, at no additional charge, with the Software adapted for use with such new HP Products within ninety (90) days after notification from HP.

2.7 Maintain Configurations. Supplier agrees that it will not install, preload, or deliver (either with or separate from Software) hyperlinks, buttons, shortcuts, software, updates, downloads, pop ups, emails, or similar promotions, or any other mechanisms that change any of the settings, configurations, or pre-installed software. Supplier Service and Software will not perform any actions other than the specific functionality of the Supplier Service and Software as contemplated under this Agreement.

2.8 HP Partner Requirements. The Software (i) must meet the requirements set forth in the then current version of the CEPS Partner Requirements Document, which HP provided to Supplier on December 12, 2018 and (ii) must not contribute to the failure of HP Products to pass the operating system provider's quality test suites. HP may provide the Software as bundled with HP Products to HP's operating system provider for such testing prior to the commercial release of the HP Products.

3. RIGHTS GRANTED

3.1 License to Software. Supplier hereby grants to HP, under all intellectual property rights embodied in Supplier Software, during the Term an irrevocable, non-exclusive, royalty-free, worldwide license to use, reproduce, display, distribute, import, and disclose Supplier Service and Software in conjunction with HP Products, and as further specified in Exhibit A; including the right for HP to use the Software for customer support purposes in the event Supplier does not support the Software or its support obligations terminate for any reason. Such license will include the right of HP to sublicense to its distributors, resellers, and other third parties to achieve any of the purposes of this Agreement.

3.2 Licenses to Supplier Brand Features and Materials. Supplier hereby grants to HP a non-exclusive, royalty-free, worldwide license to use, modify, publish, perform, transmit, store, copy, reformat, reproduce, display, distribute and have distributed the Materials and Supplier Brand Features for the purposes set forth in this Agreement, including in connection with marketing purposes in HP App Store or otherwise agreed in accordance with the Marketing Activities Section of this Agreement. Such license includes the right of HP to sublicense to its distributors, resellers, and other third parties to achieve the foregoing. HP shall display Supplier's Brand Features in good taste, in a manner that preserves their value as Supplier's Brand Features, and in accordance with any standards provided by Supplier for their display. Any rights or purported rights in Supplier Brand Features acquired through HP's use belong solely to Supplier.

3.3 HP Brand Features. HP may authorize Supplier to display one or more designated HP Brand Features solely for the supply of Supplier Service to HP and its customers. Use of HP Brand Features shall at all times comply with HP's usage guidelines and policies for HP Brand Features at https://brandcentral.ext.hp.com/ as may be amended from time to time. All rights or purported rights in HP Brand Features acquired through Supplier's use belong solely to HP. HP reserves all rights under law or in equity in and to HP Brand Features. On HP's request, Supplier shall provide HP with samples of Supplier's usage of such HP Brand Features, and will adhere to any requests from HP to change how HP Brand Features are displayed if the manner in which HP Brand Features are displayed does not conform to then-current HP trademark usage guidelines. Supplier shall not challenge HP's ownership of HP Brand Features or use or adopt any trademarks that might be confusingly similar to such HP Brand Features, and Supplier shall not register or use any internet domain name or social media user name that contains HP Brand Features, in whole or in part or any other confusingly similar name. Supplier shall not use any HP Brand Features in a manner implying that Supplier is or may be a branch or entity of HP. In the event that HP determines that Supplier's use of HP Brand Features does not comply with this Section, HP may require Supplier to immediately discontinue use of HP Brand Features. Upon termination of this Agreement for any reason, Supplier's authorization to display HP Brand Features will cease.

3.4 All licenses granted in this Section shall continue through the Term of this Agreement, all extensions and renewals of the Term.

3.5 Any exclusivity obligations by Supplier in favor of HP shall be set forth in Exhibit A.

4. ADDITIONAL LICENSE OBLIGATIONS AND RESTRICTIONS

4.1 Reservation of Rights. Subject to the rights and licenses granted to HP hereunder, Supplier retains all right, title and interest in the Software, Supplier Brand Features, and Link including all copyrights and other intellectual property rights. HP agrees that it will not, without Supplier's prior approval, remove any copyright notices, trademarks or trade names of Supplier from the Software or Supplier Brand Features. Notwithstanding the foregoing, if the Software will be integrated into an HP Product without brand attribution, Supplier is not entitled to display or embed any copyright notices, proprietary markings, trademarks or trade names in any end user accessible location in the Software.

4.2 Third Party Technology. Supplier has identified in Exhibit A any Third Party Technology, including Open Source or freeware contained in the Software and corresponding third party licenses. Supplier will also provide to HP all materials needed in order for HP's distribution of the Third Party Technology to meet all requirements of the applicable third party licenses. For example, Supplier will provide to HP any required license text and license notices, and, if any such Third Party Technology is subject to a license that requires distribution of source code (e.g., the GNU General Public License or the GNU Lesser General Public License), Supplier will provide HP the required source code. In the event that Supplier intends to make any changes to the Third Party Technology, Supplier will notify HP, amend Exhibit A, and provide the aforementioned materials to HP.

4.3 End User License Terms. Any Software, including any derivative works thereof, will be licensed directly to End Users by Supplier pursuant to a Supplier end user license agreement that Supplier will include with the Software.

4.4 Marketing Activities. The Parties may participate in the marketing activities set forth in Exhibit A hereto.

4.5 Advertising. Supplier agrees that it will not permit the display or transmission of any advertising that HP reasonably believes to cause damage to HP's brand or reputation including but not limited to, (i) sexually explicit adult entertainment or products, (ii) firearms, (iii) tobacco products, (iv) illegal drugs and/or narcotics, (v) religious faiths or services, (vi) products or services of competitors to HP, or (vii) Potentially Unwanted Programs.

4.6 Development and Customization. Any development or customization services performed by Supplier shall be in accordance with the terms and conditions set forth in Exhibit E and the applicable SOW (as defined in Exhibit E).

5. SERVICE LEVEL AGREEMENT

5.1 Supplier shall provide support for Supplier Software and Supplier Service in accordance with Exhibit D.

6. FINANCIAL PROVISIONS

6.1 Payment. Payment and reporting terms will be in accordance with Exhibit B.

6.2 Taxes. Payment of taxes will be in accordance with Exhibit B.

6.3 Audit. Supplier shall keep all proper records and books of account relating to its payments due to HP hereunder (the "Relevant Records"). During the Term of this Agreement and for 12 months following the last date on which HP is entitled to payment, on thirty (30) days prior notice, HP may audit Supplier's Relevant Records during regular business hours at Supplier's offices, and make copies and extract thereof, solely to verify the amounts due and payable to HP under this Agreement. The auditor may examine Relevant Records pertaining to any time period within the Term and any relevant Financial Tail Period; provided that any particular Relevant Records may only be audited once. If such audit reveals that amounts paid by Supplier are less than amounts that Supplier should have paid for the audited period, Supplier shall promptly pay the amounts owed plus interest to HP. HP shall pay the expenses of any such audit, unless such audit reveals that the amounts paid by Supplier are less than 95% of amounts that Supplier should have paid for the audited period (a "Shortfall"), Supplier will pay the reasonable costs of such audit. Further, in the event of a Shortfall, HP may then audit the Relevant Records quarterly.

7. WARRANTIES AND INDEMNIFICATION

7.1 Representations and Warranties of Supplier. Supplier represents and warrants that: (i) it has full power and authority to enter into this Agreement; (ii) it has full power and authority to grant to HP the rights granted herein without the need to obtain the further consent or license of any licensor of any third party technology or other third party and the Materials and Software are free of any and all restrictions, settlements, judgments or adverse claims; (iii) it will comply with all applicable laws and regulations; (iv) it either owns all rights to the Materials and Software or has and will maintain during the Term of this Agreement and applicable survival periods all licenses and other rights necessary, including but not limited to the maintenance of any ongoing royalty and license fee obligations, for HP to use the Materials and Software as contemplated herein, for Supplier to provide the Materials and Software to third parties (including End Users and Purchasers) as contemplated herein, for those third parties to use the Materials and Software as contemplated herein, and otherwise for Supplier to perform its obligations under this Agreement; (v) it will maintain and comply with a published privacy policy; (vi) the Supplier Software will operate in accordance with and substantially conform to the specifications contained in any documentation, manuals and any relevant data sheet or promotional materials distributed or provided by Supplier; (vii) it will not make any marketing statements, offers or other representations about the Supplier Service that are unfair, deceptive, untruthful, or otherwise misleading; (viii) Supplier has complied and shall continue to comply with all third party licenses (including all open source licenses) associated with any software component included in the Software or any other materials supplied by Supplier to HP; (ix) Supplier, its Affiliates and subcontractors will meet the requirements of Section 1634 of Division A of the U. S. National Defense Authorization Act for Fiscal Year 2018 (Pub. L. 115-91) and Federal Acquisition Regulation subpart 4.20, and 52.204-23 "Prohibition on Contracting for Hardware, Software, and Services Developed or Provided by Kaspersky Lab and Other Covered Entities" (JUL 2018); and (x) the Materials and Software do not violate, misappropriate or infringe any patent, copyright, trademark, trade secret or other proprietary right of any third party and Supplier is not aware of any facts upon which such a claim could be based, and Supplier will promptly notify HP if it becomes aware of any claim or any facts upon which a claim could be based.

7.2 No Harmful Code Warranty. Supplier warrants that no Supplier Service, Materials, Software, or any portion thereof will: (1) contain any malicious code, software or hardware component; (2) replicate, transmit, or activate itself without control or consent of a person operating the computing equipment on which it resides; (3) access and monitor an end user's activities, computer usage, or data (including Personal Data) without the end user's consent, or as permitted by law and in accordance with the other terms of this Agreement; (4) alter, disable, damage, or erase the Supplier Service, Materials, or Software or any portion thereof or any data or other computer programs or the associated HP Product(s); (5) contain any function which restricts or may restrict use or access to products or data (other than for user authorization or authentication) based on limiting criteria, except as permitted in the Supplier terms of use; (6) perform actions that would preclude full use of the Supplier Service, Software or the associated HP Product(s), except as permitted in the Supplier terms of use; or (7) remotely disable any Supplier Service or Software, except as permitted in accordance with the terms of this Agreement. If any of the foregoing is discovered by Supplier or upon notice by HP or an HP licensee, Supplier shall correct the problem and provide a patch, work around or other method to eradicate the problem without materially detracting from function, form factor, or performance within HP's designated timeframe for response and resolution of the issue, at no cost to HP.

7.3 Representations and Warranties of HP. HP represents that it has full power and authority to enter into this Agreement.

7.4 Indemnity. Supplier agrees to defend, indemnify and hold HP, its Affiliates, their respective officers, directors, employees, agents, sublicensees, and representatives (collectively the "Indemnified Parties") harmless from and against any and all losses, costs, liabilities, judgments or expenses, including reasonable attorneys' fees, that arise out of any third party claim, demand, action or investigation that is based on or results from (i) any breach of the representations and warranties set forth in the Representations and Warranties of Supplier Section or the Confidential Information and Data Collection and Use Section; (ii) any failure of the Supplier Software (or any part thereof) or Supplier Service to operate in accordance with the representations Supplier makes about the Supplier Software or Supplier Service to the public; (iii) allegations that the Materials, Software (or any part thereof) constitute an infringement, misappropriation or violation of any third party's patent, copyright, trademark, trade name or other proprietary right, or unauthorized trade secret use; (iv) any failure of Supplier to meet any of the requirements in any of the third party license (including any applicable open source licenses) associated with any software component included in the Software; or (v) other allegations related to the Materials and Software (including without limitation claims alleging defamation or violation of a right of privacy or publicity) ((i) through (v) are, collectively, the "Indemnified Claims").

7.5 Procedure for Indemnification. An Indemnified Party will give Supplier prompt notice of the Indemnified Claim, and will give Supplier the authority, information, and reasonable assistance (at Supplier's expense) necessary to defend. If Supplier does not diligently pursue resolution of the Indemnified Claim nor provide the Indemnified Party with reasonable assurances that it will diligently pursue resolution, then the Indemnified Party may, without in any way limiting its other rights and remedies, defend the Indemnified Claim, and Supplier will pay all costs and expenses, and all damages and costs, with respect to such Indemnified Claim, in accordance with the terms of this Procedure for Indemnification Section. Without limiting the scope of the Indemnity Section, Supplier agrees to pay all damages and costs awarded with respect to the Indemnified Claim or agreed to in any settlement of the Indemnified Claim, and all attorneys' fees related to its defense and settlement of the Indemnified Claim. Without the Indemnified Party's prior written consent, Supplier will not enter into a settlement of an Indemnified Claim which (i) would require any payment or other consideration from the Indemnified Party, and (ii) does not contain a full release of claims against the Indemnified Party.

7.6 Procedure if Infringement. If any Materials, Software, or any part thereof is held to constitute an infringement, violation or misappropriation of a third party's proprietary right and its use is enjoined or may be enjoined, or if the Material becomes or may become subject to a governmental order forbidding importation, then Supplier will, at its own expense and at its option (i) procure for HP and its customers the right to continue use, or (ii) if applicable, replace the same with a non-infringing version of equivalent function and performance, or (iii) modify the Material so it becomes non-infringing without detracting from function or performance. In addition, HP may terminate this Agreement, otherwise stop exercising some or all of the license and related rights it is granted by Supplier under this Agreement, or stop its activities with respect to some or all of the Materials and Software if HP becomes or believes that it may become the subject of a third party's intellectual property right claim that relates to the Material or any part thereof.

7.7 Information Security Warranty.

7.7.1 Supplier warrants that it (i) is not and has not been subject to any investigation or legal action related to Supplier's information security practices that have not been shared with HP prior to delivery under the terms of this Agreement; (ii) has established and implemented policies, programs and procedures related to information security which are commercially reasonable and in compliance with the HP Information Protection and Security Standard (https://h20168.www2.hp.com/supplierhandbook/HX-00014-04.pdf#_new); (iii) has shared in writing with HP prior to the execution of this Agreement any material loss, damage, unauthorized access, disclosure, or use, or other breach of security in the past three (3) years; and (iv) in the event any incident occurs during the term of the Agreement, shall execute any agreed remediation plans within a commercially reasonable timeframe.

7.8 Social and Environmental Responsibility. Supplier will comply with HP's Supply Chain Social and Environmental Responsibility Policy available at: www.hp.com/go/supplier including establishment of management systems described therein.

7.9 Warranty Disclaimer. EXCEPT AS EXPRESSLY PROVIDED HEREIN, SUPPLIER MAKES NO OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED, REGARDING THE SUPPLIER SOFTWARE AND SUPPLIER SERVICE, THEIR MERCHANTABILITY OR THEIR FITNESS FOR ANY PARTICULAR PURPOSE.

8. LIMITATION OF LIABILITY

8.1 TO THE FULLEST EXTENT PERMITTED BY LAW, NEITHER PARTY WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING BUT NOT LIMITED TO LOSS OF PROFITS) ARISING OUT OF ANY PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT OR IN FURTHERANCE OF THE PROVISIONS OR OBJECTIVES OF THIS AGREEMENT, REGARDLESS OF WHETHER SUCH DAMAGES ARE BASED ON TORT, WARRANTY, CONTRACT OR ANY OTHER LEGAL THEORY, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING THE ABOVE, SUPPLIER WILL BE RESPONSIBLE FOR ANY AMOUNTS OWED BY IT PURSUANT TO INDEMNITY SECTION ABOVE.

9. TERM AND TERMINATION

9.1 Term of Agreement. Unless otherwise terminated earlier under this Agreement, this Agreement will commence on the Effective Date and will continue for thirty-six (36) months thereafter ("Initial Term"). This Agreement will renew automatically for additional twelve (12) month periods (each such additional (12) month period, a "Renewal Term") unless either party notifies the other in writing of its intention not to renew this Agreement at least ninety (90) days prior to the end of the then current Term (the Initial Term and any Renewal Terms collectively the "Term").

9.2 Termination for Convenience by HP. HP may terminate this Agreement without cause with ninety (90) days written notice to Supplier.

9.3 Termination for Violation of Law. HP may terminate this Agreement immediately upon written notice to Supplier in the event Supplier or the Software, in HP's reasonable determination, has violated applicable laws or regulations in connection with its performance under this Agreement.

9.4 Termination for Breach. Either Party may terminate this Agreement if (i) the other Party breaches any material provision of this Agreement and such breach is not cured within thirty (30) days after receipt of written notice of the breach by the non-breaching Party or (ii) either Party becomes insolvent, becomes involved in any liquidation or termination of its business, or voluntarily or involuntarily files for bankruptcy protection that is not dismissed within sixty (60) days.

9.5 Effect of Termination on HP Distribution Rights. Upon termination of this Agreement, (i) HP may continue to preload and distribute applicable Materials and Software on HP Products for the greater of thirty-six (36) months or until such time that HP can remove such items in a commercially reasonable manner following termination; (ii) HP may continue to distribute applicable Materials and Software in remanufactured systems that originally contained those items for the greater of eighteen (18) months or until such time that HP can remove such items in a commercially reasonable manner; and (iii) HP may retain and use a reasonable number of copies of the Software for support and archival purposes. Termination of this Agreement shall not affect the right of HP resellers to sell any HP Products in their inventory. Notwithstanding any termination of this Agreement, all licenses granted to End Users and Purchasers for use of the Supplier Software will survive. Upon any expiration or termination of this Agreement, HP may redirect the Link to another website of HP's choosing.

9.6 Effect of Termination on Supplier Payment Obligations. Supplier's payment obligations to HP will continue to apply to all HP Products shipped by HP that are configured to include the Software, all Purchasers' purchases, or other sources of shared revenue as described in Exhibit B for a period of thirty-six (36) months following termination of this Agreement ("Financial Tail Period").

9.7 Termination for Operating System Requirements. Nothing in this Agreement shall compel HP to violate the terms of its operating system distribution license agreement. In the event a term of this Agreement is found to violate a term of such license agreement, then HP shall notify Supplier in writing of its intent not to conform to that particular obligation that would violate HP's operating system distribution license agreement. If HP sends Supplier such written notification of its inability to meet one or more of the obligations of this Agreement, due to a conflict with its operating system distribution license agreement, HP shall have the right to immediately terminate this Agreement.

9.8 Survival. The following provisions of this Agreement shall survive any termination or expiration of this Agreement: Sections 1 (Definitions); 2 (Delivery of Materials and Software); 3 (Rights Granted) as described in Section 9.5 (Effect of Termination on HP Distribution Rights); 4 (Additional License Obligations and Restrictions); 5 (Service Level Agreement); 6 (Financial Provisions); 7 (Warranties and Indemnification); 8 (Limitation of Liability); 9 (Term and Termination); 10 (Confidential Information and Data Collection and Use), as described therein; 11 (Miscellaneous Clauses).

10. CONFIDENTIAL INFORMATION AND DATA COLLECTION AND USE

10.1 Confidential Information. The terms of this Agreement shall be deemed to constitute Confidential Information of both Parties, and any audit reports shall be deemed to constitute Confidential Information of the Party whose records were audited. Each Party agrees to maintain all Confidential Information received from the other in confidence for a period of three (3) years from the date of disclosure notwithstanding any expiration or termination of this Agreement, and agrees not to disclose or otherwise make available Confidential Information to any third party without the prior written consent of the disclosing Party; provided however, that either Party may disclose such information to its attorneys or accountants in due course under confidentiality restrictions at least as restrictive as those herein. Each Party further agrees to use the Confidential Information only for the purpose of performing under this Agreement.

10.2 Exceptions to Confidential Information. The Parties' obligations under this Section shall not apply to Confidential Information which: (i) is or becomes a matter of public knowledge through no fault of or action by the receiving Party; (ii) was rightfully in the receiving Party's possession prior to disclosure by the disclosing Party; (iii) subsequent to disclosure, is rightfully obtained by the receiving Party from a third party who is lawfully in possession of such Confidential Information without restriction; (iv) is independently developed by the receiving Party without resort to the disclosing Party's Confidential Information; or (v) is required by law or judicial order, provided that prior written notice of such required disclosure is furnished to the disclosing Party as soon as practicable in order to afford the disclosing Party an opportunity to seek a protective order and that if such order cannot be obtained disclosure may be made without liability. Whenever requested by a disclosing Party, a receiving Party shall immediately return to the disclosing Party all manifestations of the Confidential Information or, at the disclosing Party's option, shall destroy all such Confidential Information as the disclosing Party may designate.

10.3 Data Collection and Use.

10.3.1 To the extent that Personal Data is Processed, such Processing shall take place in compliance with all applicable laws and in accordance with the HP Data Processing Standard (https://h20168.www2.hp.com/supplierhandbook/HX-00027-00.pdf). As between the Parties, the Party that is responsible for determining the purposes and means of the Processing shall be designated as the Data Controller as the term is defined in the HP Data Processing Standard. To the extent that both Parties are responsible for determining the purposes and means of the Processing of Personal Data, both Parties shall be designated as a Data Controller with regard to their specific Processing activities.

10.3.2 Supplier and HP will each maintain a designated point of contact with appropriate skills and experience in order to address issues involving Personal Data and to collaborate as needed on compliance with applicable laws and standards with respect to the Service, Software and related matters.

10.3.3 Any End User data not contemplated under this Agreement is owned by HP. End User Data, including anonymized data, may not be used by Supplier for any purpose not contemplated under this Agreement.

11. MISCELLANEOUS CLAUSES

11.1 Notices. All notices to be given under this Agreement must be in writing addressed to the receiving Party's designated recipient specified in Exhibit C. Notices are validly given upon the earlier of confirmed receipt by the receiving Party or three (3) days after dispatch by courier or certified mail, postage prepaid, properly addressed to the receiving Party. Notices may also be delivered as fully scanned images sent via email and will be validly given upon oral, electronic or written confirmation of receipt. Either Party may change its address for purposes of notice by giving notice to the other Party in accordance with these provisions.

11.2 Independent Contractors. The relationship of the Parties established under this Agreement is that of independent contractors and neither Party is a partner, employee, agent or joint venture of or with the other, and neither is authorized to make any commitment or representation, express or implied, on the other's behalf.

11.3 Non-restrictive Relationship. Nothing in this Agreement will be construed to preclude either Party from entering into similar agreements with other parties or independently developing, acquiring, marketing, promoting, selling and distributing similar or other products or services.

11.4 Bankruptcy. The Parties acknowledge the licenses and usage rights granted to HP herein are licenses to intellectual property for purposes of Section 365(n) of the U.S. Bankruptcy Code and HP will have the right to exercise all rights provided by Section 365(n) with respect to the licenses and usage rights granted herein. Supplier agrees that it will not interfere with HP's exercise of such rights. Supplier further agrees that HP shall maintain the licenses and usage rights under the terms of this Agreement, even if Supplier should cease operations or be purchased or merge into another entity.

11.5 Assignment. Neither Party may, directly or indirectly, in whole or in part, neither by operation of law or otherwise, assign or transfer this agreement or delegate any of its obligations under this agreement without the other Party's written consent. Any attempted assignment, transfer or delegation without such prior written consent will be void and unenforceable.

11.6 No Waiver. The waiver of any term, condition or provision of this Agreement must be in writing and signed by an authorized representative of the waiving Party. Any such waiver will not be construed as a waiver of any other term, condition, or provision except as provided in writing nor as a waiver of any subsequent breach of the same term, condition or provision.

11.7 Trade Controls. The Parties will comply with all applicable export, import, and trade-related laws and regulations of the United States and other national governments. Upon HP's request, Supplier will provide HP with the Export Control Classification (ECCN) and Harmonized Tariff System (HTS) numbers or technical specifications for all Supplier Software and/or Supplier Service covered by this Agreement sufficient for HP to determine the appropriate export and import classification of such Supplier Software and/or Supplier Service under applicable regulations.

11.8 Headings. The headings in this Agreement are included for convenience only, and will not affect the construction or interpretation of any provision in this Agreement.

11.9 No Publicity. Each Party agrees not to publicize or disclose the existence or terms of this Agreement to any third party without the prior written consent of the other except as required by law. Without limitation, no press releases shall be made without the mutual written consent of both Parties.

11.10 Severability. Every term, condition or provision of this Agreement is severable from others. If a court or an arbitrator of competent jurisdiction holds any term, condition or provision of this Agreement to be invalid, unenforceable or illegal in whole or in part for any reason, the validity and enforceability of the remaining terms, conditions or provisions, or portions of them, will not be affected.

11.11 No HP Obligation. HP shall have the right, but not obligation, to distribute, market or sell the Software. Furthermore, nothing in this Agreement shall be construed as placing any obligation upon HP to distribute or sell a minimum number of HP Products or to generate a minimum number of Purchasers.

11.12 No Subcontracting. Supplier shall not subcontract to another party any of its obligations under this Agreement without the express written permission of HP.

11.13 Force Majeure. Neither Party shall be liable to the other for any delay in performance under this Agreement due to acts of God, war, public disaster or any other cause beyond the control of the Parties and such performance shall be excused to the extent of such force majeure event.

11.14 Entire Agreement. This Agreement, including its exhibits, which are incorporated herein by reference, represents the entire agreement between the Parties with respect to the matters set forth herein, supersedes all prior discussions or understandings between them, and may only be modified by a writing signed by both Parties. In any conflict between this Agreement and an Exhibit, this Agreement will control.

11.15 Governing Law. This Agreement will be governed in all respects by the laws of the State of New York, U.S.A, without reference to any choice of law provisions. Both Parties hereby waive any applications of the United Nations Convention on Contracts for the International Sale of Goods (as promulgated in 1980 and any successor or subsequent conventions) with respect to the performance or interpretations of this Agreement. Any dispute that may arise in connection with the interpretation or implementation of this Agreement shall be submitted to a court of competent jurisdiction located in New York.

11.16 Signatures. If this Agreement is executed electronically, each Party agrees to use electronic signatures; which are subject to the provisions of the U.S. E-SIGN Act (i.e., the Electronic Signatures in Global and National Commerce Act (ESIGN, Pub.L. 106-229, 14 Stat. 464, enacted June 30, 2000, 15 U.S.C. ch.96)). If this Agreement is executed by ink signatures, it may be executed in counterparts, each of which will be deemed an original.

11.17 Continued Payment and Performance if Dispute In the event a dispute arises between HP and Supplier, with respect to this Agreement, Supplier's payment and performance obligations to HP under this Agreement will continue, and Supplier will not be entitled to withhold payments from HP under this Agreement while the dispute is being addressed by the Parties. In addition, the Parties acknowledge that during the term of this Agreement there may be changes to the market or the Parties' business and financial conditions, or changes to anticipated revenues to Supplier under this Agreement, or Supplier may re-brand, outsource or otherwise change its service. Notwithstanding the foregoing, Supplier's payment and performance obligations under this Agreement will continue in the event of any such changes.

11.18 Exhibits. The following exhibits are deemed a part of this Agreement and incorporated herein by reference.

Exhibit A: Supplier Software and Marketing Activities
Exhibit B: Payment & Reporting
Exhibit C: Account/Relationship Managers
Exhibit D: Service Level Agreement
Exhibit E: Development and Customization Terms

Authority of Signatory. If this Agreement is signed by an agent or representative of a Party, such agent or representative individually warrants and represents that he or she is authorized to execute this Agreement on behalf of, and bind, such Party.

VERSUS, LLC	**HP INC.**
/s/ Matthew Pierce	/s/ Jim Robinson
Authorized Supplier Representative	Authorized HP Representative
Matthew Pierce	Jim Robinson
Printed Name	Printed Name
CEO	Sr. Director, CDPS SW
Title	Title
Mar 22, 2019	Mar 22, 2019
Date	Date

EXHIBIT A
SUPPLIER SOFTWARE, MARKETING ACTIVITIES, AND SUPPLIER SERVICE

1. DESCRIPTION OF SUPPLIER SOFTWARE

Software	**Description**	**Code Format** (specify: object, source, or both)	**Delivery Date**
Windows SDK (see description in section 2.2, SDK of the Statement of Work from Exhibit E-1)	A software library designed to be used in the development of Windows desktop software which exposes access to the Versus/Winfinite service to end users. The SDK shall enable the user to initiate Winfinite, to view and accept challenges, to track users progress on challenges, to view challenge results, to view and redeem prizes, to support different win condition categories within challenges.	Both	See dates in SOW E-1
The Patents listed below are included in the APIs above and include the following registered intellectual property, including provisional and non-provisional applications, issued patents including those based on continuation, continuation in-part, divisional and substitute applications, patents resulting from a reissue or reexamination proceeding and any foreign equivalents and improvements thereof.			
47876-31 Provisional Application 62_027704	Systems and Methods for Creating and Maintaining Real Money Tournaments for Video Games		
47876-031-002 US Application as Filed 14_796,966	Systems and Methods for Creating and Maintaining Real Money Tournaments for Video Games		
47876-031-002 US Petition etc as Filed 14_796,966	Continuation in Part of 14_796,966		
47876-031-003 PCTUS 1540060	Systems and Methods for Creating and Maintaing Real Money Tournaments for Video Games		
47876-031-004 US Application as Filed 15_334,725	Continuation of Part 14_796,966 with new claims		
US Patent Application No. 62/796,551	Tools for Prize Promotion and Tracking in Interactive Media		

	Languages Supported: English (US), and other languages as made available below: English (UK) by December 31, 2019. German, French, Italian, and Spanish (Spain) by March 31, 2020. Japanese, Korean, and Chinese (Traditional) and Chinese (Simplified) by December 31, 2020.		
Documentation:	**None**		

2. THIRD PARTY TECHNOLOGY

2.1 Third Party Code

SW Title	Description	Supplier URL
None		

2.2 Other Third Party Technology (i.e., codecs, patent licenses, etc.)

Title	Description	Supplier URL
Versus Winfinite API	The Versus Winfinite API allows external software to interact with the Versus Winfinite Platform. These interactions include but are not limited to authentication, verification, challenges, and prizes.	https://www.versussystems.com
Game APIs	To support a number of games that are displayed in Omen game software, various game APIs will be used to verify player behavior.	Various

2.3 Open Source Code

SW Title	Description	License Type and URL
Newtonsoft.Json	Json.NET is a popular high-performance JSON framework for .NET	https://github.com/JamesNK/Newtonsoft.Json
Analytics.NET	A way to integrate analytics into any C# / .NET application	https://github.com/segmentio/Analytics.NET

3. DESCRIPTION OF MATERIALS

Materials	Description	Delivery Date
Supplier Brand Features	Versus Logo and Style Guide Versus Systems Logo and Style Guide Winfinite Logo and Style Guide	March 31, 2019

4. SUPPLIER SERVICE

4.1 Supplier Service Description. The Supplier Service will host the HP branded service and will make it available to End Users. End Users who elect to play in Supplier Service-enabled modes are to be verified for eligibility by Supplier, and that once verified, will be able to play in certain lobbies in any of those selected modes for a variety of prizes. The Supplier Service will also provide a developer dashboard that allows creating, running, and resolving those prize-based lobbies for End Users. The Supplier Service further provides a system to fulfill prizes for End Users who qualify. Prize types may include downloadable content ("DLC", physical goods ("CPG"), and other prizes as provided by Advertisers. This includes any services available to End Users at the Link, any successor or replacement thereto, or as otherwise accessible through Supplier Software or applications. The Supplier Service will be localized in English (US) and future languages added by Supplier according to the schedule in Exhibit A, Section 1 above.

4.2 Business Continuity Plan. Supplier will maintain a business continuity plan for restoring its critical business functions to meet its obligations under this Agreement. Upon request, Supplier will make its business continuity plan available to HP or its designated representative for review. Supplier will address HP's reasonable concerns regarding the business continuity plan.

4.3 Supplier Responsibilities (in addition to those otherwise set forth in this Agreement):

4.3.1 Supplier Software and Materials.

4.3.1.1 Supplier will provide to HP, at no cost to HP, all required Software and Materials required to place and distribute promotional material within the HP Products and HP Products' packaging, and will provide to HP the Links that may be required to implement HP marketing opportunities under this Agreement.

4.3.2 Supplier Service.

4.3.2.1 Supplier will develop, host and maintain the Supplier Service on servers maintained by Supplier at no charge to HP, which will contain content substantially similar to that otherwise provided by the Supplier Service site. Supplier will track and record End User visits, application downloads, Supplier Service subscriptions and End User transactions. The Supplier Service will be accessible via the Link.

4.3.2.2 Branding and Promotional Page. The Supplier Service will include the Parties' brand features. Supplier will display HP brand features in accordance with HP Brand Guidelines and as otherwise mutually agreed. The Parties will mutually agree upon the design, offers and content of any promotional pages. If HP requires changes to be made to any promotional pages, Supplier will use commercially reasonable efforts to make such changes within 48 hours of notification by HP. The promotional pages will state that offers are subject to change without notice.

4.3.2.3 The Supplier Service will enable End Users to download an application necessary for the End User to register and subscribe to the Supplier Service.

4.3.2.4 The Supplier Service shall include information in a mutually acceptable format, which identifies Supplier as the merchant of record, confirms the applicability of Supplier's privacy policy and other applicable terms and conditions, and confirms that all End User requests for support, help or information, and all other inquiries or claims should be directed to Supplier. Supplier agrees to promptly meet with HP to resolve any concerns HP may have with respect to the operation of the promotional page and communications sent by Supplier to End Users and Purchasers.

4.3.2.5 The Supplier site will prominently contain support contact information for End Users and Purchasers, including Supplier's support telephone number, web support information and support email address.

4.3.3 Fulfillment. Supplier will perform all fulfillment functions, including but not limited to receipt and fulfillment of Supplier Service sales, purchase transactions for the Supplier Service and user support, and will receive revenue directly from the Purchaser. Supplier will design and maintain the Supplier Service in a manner that will enable Purchasers to securely complete the purchase transactions with Supplier on the Supplier Service.

4.3.4 Territory. Worldwide

4.4 Exclusivity. The parties acknowledge that Supplier is providing the Supplier Software and the Supplier Services for the benefit of and use in the HP Products. During the Term, Supplier shall not offer products and services substantially similar to the features and functionality embodied in the Supplier Software and Supplier Service to Direct Competitors. For purposes of this Agreement, "Direct Competitors" means desktop and laptop computer manufacturers. For the avoidance of doubt, products offered by such companies other than desktop and laptop computers shall not be subject to the exclusivity provisions hereof (e.g., exclusivity shall extend to desktop and laptop computers but shall not extend to consoles or cloud-based services).

EXHIBIT B
PAYMENT & REPORTING

1. PAYMENT TO HP.

1.1 Definitions.

1.1.1 "Gross Revenue" means the (i) fee paid by Advertisers who completes a purchase transaction related to the Supplier Software or Supplier Service, as applicable under this Agreement ; (ii) any advertising revenue generated through the Software or the Supplier Service; or (iii) the sum of (i) and (ii).

1.1.2 "Shared Revenue" means the aggregate Gross Revenue which is subject to revenue sharing by the Parties during the Term and Financial Tail Period.

1.2 Revenue Share. Supplier agrees to pay HP as follows:

1.2.1 Revenue Share.

1.2.1.1 Supplier will pay HP [*] percent ([*]%) of Shared Revenue.

1.3 Payment to HP.

1.3.1 Payment to HP will be sent, via ACH transfer, to the account set forth below. Payment shall be due and payable on the fifteenth (15th) day of the month following each month for the payments due above. All payments and other monetary amounts due and payable under this Agreement will be expressed and payable in US Dollars; in the event Supplier receives funds in connection with a transaction in a currency other than US Dollars, Supplier will convert such receivables to US Dollars using industry-accepted bank conversion rates effective as of the last business day of the reporting quarter.

* Confidential information redacted.

1.3.2 ACH payment:

Depository Institution Name Address	[*]
Contact Person Phone number	Wire Customer Service Representative [*]
Routing Number Routing #/ABA number ACH Account Number Type of Account SWIFT Code	[*] [*] [*] [*] [*]
HP Information HP Contact Email Address	HP Inc. P.O. Box 742692 M/S 1014 Los Angeles, CA 90074-2692 hppartnerreports@hp.com

1.4 Taxes: Payments to HP.

1.4.1 Supplier shall be responsible for any sales, use, VAT, GST, excise or similar taxes applicable to any payment due to HP under this agreement; or for any similar taxes applicable to transactions between End Users and Supplier.

1.4.2 In the event withholding is required by a tax authority on any payments due to HP, Supplier shall withhold such legally required amounts unless an exemption applies and HP has complied with all requirements to obtain the exemption. For any amounts withheld, Supplier will provide HP with sufficient documentation to evidence the payment of the withheld amounts to the tax authority to permit HP's recovery of such withheld amounts.

2. PAYMENT TO SUPPLIER.

2.1 HP will pay Supplier the fees identified in the Statement of Work.

2.1.1 No payment will be made for hosting of the HP branded Cloud solution, for localization, or for support.

2.2 Payment Terms

2.2.1 All valid invoices received by HP under this Agreement will be accumulated for a period from the 16th day of a calendar month to the 15th day of the following calendar month ("Accumulation Period"). HP will initiate payment for invoices collected during the Accumulation Period on the first HP business day of the month nearest to forty-five (45) days following the end of the Accumulation Period. No invoice may be dated or submitted earlier than the delivery date. Any agreed-upon prompt payment discount will be calculated from the date a valid invoice is received by HP. Payment will be in U.S. currency unless otherwise stated in the applicable purchase order. Payment will not constitute acceptance of deliverables or impair HP's right to inspect. Acceptance shall be when HP deems the deliverables, sufficient to meet HP criteria and requirements ("Acceptance"). HP, at its option, and without prior notice to Supplier, shall have the right to set-off or deduct from any Supplier invoice, any credits, refunds or claims of any kind due HP.

* Confidential material redacted.

2.3 Electronic Invoicing

2.3.1 Unless otherwise directed by HP, Supplier shall invoice HP electronically, at Supplier's sole expense. Supplier is authorized to, and shall, submit such invoices and required information directly to HP's authorized electronic invoicing contractor. Supplier further understands that HP may utilize contractors, at HP's sole discretion, to facilitate HP's order and invoicing processes, and such use may entail disclosure of information about the Supplier and the receipt and processing of any Purchase Order, invoice, or related documentation. Any such disclosure of information shall be under confidentiality obligations reasonably consistent with those agreed upon by HP and Supplier.

2.4 Reports.

2.4.1 Within fifteen (15) days following the last day of each calendar month Supplier shall provide HP with a report pursuant to the previous month's activities, in electronic format to hppartnerreports@hp.com. The report will contain the following information by country and by month:

2.4.1.1 Number of unique users

2.4.1.2 Number of users that clicked on session

2.4.1.3 Number of users that completed milestone

2.4.1.4 Number of users that redeemed prize (if available)

2.4.1.5 Number of unique active devices

2.4.1.6 Number of social media shares (segmented by social platform if possible)

2.4.1.7 High, low, average advertising rate per session

2.4.1.8 Conversion rates for various prizes (impressions, clicks, completions)

2.5 TAXES on payments to Supplier

2.5.1 HP shall pay or reimburse Supplier for Value Added Tax, GST, PST, Sales and Use or any similar transaction taxes imposed on the sale of products and/or services sold to HP under this Agreement provided the taxes are statutorily imposed either jointly or severally on HP. HP shall not pay or reimburse Supplier for any taxes which are statutorily imposed on Supplier including but not limited to taxes imposed on Supplier's net or gross income, capital, net worth, property, or any employment related taxes on Supplier or Supplier's personnel.

2.5.2 Where services are performed and/or products are produced, sold or leased by Supplier in the same country as that of use by HP, an Affiliate of HP, or HP's customer, then invoicing and payment shall be by and between such local country entities of the Parties, unless otherwise agreed upon by the Parties in writing.

2.5.3 If HP or an Affiliate of HP is required by law to make any deduction or to withhold from any sum payable hereunder, then the sum payable by HP or such Affiliate of HP upon which the deduction is based shall be paid to Supplier net of such legally required deduction or withholding.

EXHIBIT C
ACCOUNT/RELATIONSHIP MANAGERS

ACCOUNT/RELATIONSHIP MANAGERS	
Business Contacts	
HP Inc.	**Supplier**
Lee Itzhaki HP Inc. 16399 W. Bernardo Drive San Diego, CA 92127-1899 Email: lee.itzhaki@hp.com Tel: 858-924-3866	Matthew Pierce, CEO 6701 Center Drive West, Suite 480 Los Angeles, CA 90045 Matthew.pierce@versussystems.com 310-925-6373
Contract Contacts	
HP Inc.	**Supplier**
Karen Young HP Inc. 3390 East Harmony Road Mailstop 51 Fort Collins, CO 80528-9599 Email: karen.young2@hp.com Tel: 970-898-8468	Craig Finster, CFO 6701 Center Drive West, Suite 480 Los Angeles, CA 90045 Craig.finster@versussystems.com 415-237-3176
DESIGNATED RECIPIENT FOR NOTICE	
HP Inc.	**Supplier**
Jim Robinson HP Inc. MS: 040802 11403 Compaq Center Drive West Houston, TX 77070 Email: Jim.Robinson@hp.com Tel: +1 281 927 7330 Fax: +1 281 514 9638 Copy to: HP Inc. Attn: General Counsel 1501 Page Mill Road Palo Alto, CA 94304	Craig Finster, CFO 6701 Center Drive West, Suite 480 Los Angeles, CA 90045 Craig.finster@versussystems.com 415-237-3176 Copy to: Manatt, Phelps, & Philips Attn: Sarah Chambless 11355 W. Olympic Blvd. Los Angeles, CA 90064

EXHIBIT D
SERVICE LEVEL AGREEMENT (SLA)

1. DEFINITIONS

1.1 Any capitalized terms not defined herein shall have the meaning set forth in this Agreement. The following additional terms will have the meanings set forth below:

1.2 "Available" (including the correlative capitalized term "Availability") means the Service is available and operable for access and use by HP and its Authorized Users over the Internet in full conformity with the Specifications. The Service is not considered Available in the event of any performance degradation or inoperability of the Service, in whole or in part.

1.3 "Resolve" (including "Resolved," "Resolution" and correlative capitalized terms) means that, as to any Service Error, Supplier has provided HP the corresponding Service Error correction and HP has confirmed and accepted such correction.

1.4 "Service Error" means an issue that impacts Availability or performance (including but not limited to speed and latency) of the Service.

2. SERVICE AVAILABILITY

2.1 Availability Requirement. Supplier shall make the Service Available, as measured over the course of each calendar month ("Service Period") during the Term, at least 99.9% of the time, excluding only the time the Service is not Available solely as a result of one or more Exceptions (the "Availability Requirement").

2.1.1 Exceptions. No period of Service degradation or inoperability will be included in calculating Availability to the extent that such downtime or degradation is due to any of the following ("Exceptions"):

2.1.1.1 HP's or any of its Authorized Users' misuse of the Service.

2.1.1.2 Failures of HP's or its Authorized Users' Internet connectivity.

2.1.1.3 Internet or other network traffic problems other than problems arising in or from networks actually or required to be provided or controlled by Supplier or its subcontractors.

2.1.1.4 HP's or any of its Authorized Users' failure to meet any minimum hardware or software requirements set forth in the Specifications.

2.2 Service Availability Reports. Within 30 days after the end of each Service Period, Supplier shall provide to HP a report describing the Availability and other performance of the Service during that calendar month and the calendar year-to-date as compared to the Availability Requirement and Specifications. The report shall be in electronic form and include, at a minimum: (a) the actual performance of the Service relative to the Availability Requirement and Specifications; and (b) if Service performance has failed in any respect to meet the Availability Requirement or Specifications during the reporting period, a description in sufficient detail to inform HP of the cause of such failure and the corrective actions the Supplier has taken and will take to ensure that the Availability Requirement and Specifications are fully met.

2.3 Business Continuity Plan. Supplier will maintain a business continuity plan for restoring its critical business functions to meet its obligations under this Agreement. Upon request, Supplier will make its business continuity plan available to HP or its designated representative for review.

3. SERVICE PERFORMANCE

3.1 Performance requirements.

3.1.1 **OpenId Connect flow Performance:** Versus Systems should not add more than [*] milliseconds to the HP-ID's performance.

3.1.2 **Maximum Sustained Load:** Versus Systems infrastructure needs to support [*] application requests/second.

3.1.3 **Minimum Acceptable Performance:** Versus Systems SDK will not exceed a [*] milliseconds response time while under maximum load.

3.1.4 **Average Processing Performance:** Versus System's SDK will not exceed a [*] milliseconds response time while at 80% or less of maximum load.

3.1.5 **Expectations When Excess of Peak Load:** Requests will not be rejected, but throttled and processed at a reduced processing rate.

4. SERVICE MAINTENANCE AND SUPPORT

4.1 Supplier shall provide maintenance and support for the Service in accordance with the provisions of this Section. The Supplier shall not assess any additional fees, costs or charges for providing the maintenance and support.

4.2 Support Service Responsibilities.

4.2.1 Correct all Service Errors in accordance with the Support Service Level Requirements Section, including by providing defect repair, programming corrections and remedial programming.

4.2.2 Provide telephone support during the hours of 8 am to 5 pm (local regional time) on business days.

4.2.3 Provide online access to technical support bulletins and other user support information and forums, to the full extent Supplier makes such resources available to its other customers for services identical to or substantially similar to the Service.

4.2.4 Respond to and Resolve Support Requests as specified herein.

4.3 Service Monitoring and Management. Supplier shall continuously monitor and manage the Service to optimize Availability that meets or exceeds the Availability Requirement. Such monitoring and management shall include:

4.3.1 Proactively monitoring on a 24 hour by 7 daily basis all Service functions, servers, firewall and other components of Service security.

4.3.2 If such monitoring identifies, or Supplier otherwise becomes aware of, any circumstance that is reasonably likely to threaten the Availability of the Service, taking all necessary and reasonable remedial measures to promptly eliminate such threat and ensure full Availability.

4.3.3 If Supplier receives knowledge that the Service or any Service function or component is not Available, including by written notice from HP:

4.3.3.1 The Supplier shall confirm or disconfirm the outage by a direct check of the associated facility or facilities;

4.3.3.2 If Supplier's facility check confirms a Service outage in whole or in part: (i) notify HP in writing that an outage has occurred, providing such details as may be available, including a Supplier trouble ticket number, if appropriate, and time of outage; and (ii) work all problems causing and caused by the outage until they are Resolved as Critical Service Errors in accordance with the Support Request Classification set forth in the Support Service Level Requirements Section, or, if determined to be an Internet Supplier problem, open a trouble ticket with the Internet supplier;

* Confidential information redacted.

4.3.3.3 Notify HP that Supplier has fully corrected the outage and any related problems, along with any pertinent findings or action taken to close the trouble ticket.

4.4 Service Maintenance. Supplier shall continuously maintain the Service to optimize Availability that meets or exceeds the Availability Requirement. Such maintenance services shall include providing to HP and its Authorized Users:

4.4.1 All Enhancements and other improvements to the Service, including the Service software that Supplier provides at no additional charge to its other similarly situated customers.

4.4.2 All such services and repairs as are required to maintain the Service or are ancillary, necessary or otherwise related to HP's or its Authorized Users' access to or use of the Service, so that the Service operates properly in accordance with this Agreement and the Specifications.

4.5 Support Service Level Requirements. Supplier shall correct all Service Errors and respond to and resolve all Support Requests in accordance with the required times and other terms and conditions set forth in this Section.

4.5.1 Support Requests. HP shall classify its requests for Service Error corrections in accordance with the descriptions set forth in the chart below (each a "Support Request"). The HP Service Manager shall notify Supplier of Support Requests by e-mail, telephone or such other means as the Parties may hereafter agree to in writing.

Support Request Classification	**Description –** Any Service Error comprising or causing any of the following events or effects
Critical Service Error	● Issue affecting entire system or single critical production function ● System down or operating in materially degraded state ● Data integrity at risk ● Material financial impact ● Declared a Critical Support Request by HP ● Widespread access interruptions
High Service Error	● Primary component failure that materially impairs its performance ● Data entry or access is materially impaired on a limited basis.
Medium Service Error	● Service is operating with minor issues that can be addressed with a workaround.
Low Service Error	● Request for assistance, information, or services that are routine in nature.

4.5.2 Response and Resolution Time Service Levels. Response and Resolution times will be measured from the time Supplier receives a Support Request until the respective times Supplier has (i) responded to, in the case of response time, and (ii) Resolved such Support Request, in the case of Resolution time. Supplier shall respond to and Resolve all Service Errors within the following timeframes based on the severity of the Service Error:

Service Error Level	Response Time	Resolution Time	Status Updates
Critical	1 hour	12 hours	Hourly
High	4 hours	24 hours	Daily
Medium	1 business day	Next Release	Weekly
Low	3 business days	To be mutually agreed to by the Parties	Monthly

4.5.3 Escalation. If HP is unsatisfied with the quality of support being received, or if Supplier fails to comply with any Response Time or Resolution Time set forth above, the matter will be escalated to the Supplier's designated focal points (listed below). Conversely, the Supplier shall have the right to raise concerns with the HP Service Error Level declaration ("Service Level Declaration"), to HP's designated focal point (listed below), if Supplier determines that the Service Level Declaration is not reasonable. If the escalation of either matter is not resolved with the respected Parties' focal points, it may be escalated to the Parties' appropriate management levels for review and resolution.

4.5.3.1 Critical: Alex Peachy, Alex.peachy@versussystems.com, 702-376-2155

4.5.3.2 High: Desmond Bowe, Desmond.bowe@versussystems.com, 202-271-6042

4.5.3.3 Medium: Christian Miranda, Christian.Miranda@versussystems.com, 310-467-6439

4.5.3.4 If the primary focal point is unavailable, Supplier will provide an alternate contact to HP.

4.5.3.5 HP Focal Point: Brian Prince, brian.prince@hp.com, 970-213-6408

4.5.4 Resolution. A Service Error is deemed Resolved when both HP and Supplier have reviewed the proposed solution, tested the results, and are satisfied that the Service Error has been resolved. Critical and High Service Errors involve severe business impact. The Supplier's resources (of both Supplier and their subcontractors) shall be made continuously available until such Service Errors have been resolved.

4.5.5 Corrective Action Plan. If two or more Critical Service Errors occur in any 30 day period during the Term, Supplier shall promptly investigate the root causes of these Service Errors and provide to HP within five business days of its receipt of notice of the second such Support Request an analysis of such root causes and a proposed written corrective action plan for HP's review, comment and approval, which, subject to and upon HP's written approval, shall be a part of, and by this reference is incorporated in, this Agreement as the Parties' corrective action plan (the "Corrective Action Plan").

EXHIBIT E
DEVELOPMENT AND CUSTOMIZATION TERMS

This Exhibit E contains additional provisions related to customization of the Software for HP. Any capitalized terms not defined herein shall have the meaning set forth in this Agreement.

5. DEFINITIONS

The following additional terms will have the meanings set forth below:

5.1 "Customized Product" means a new Software or a modified existing Software created for HP hereunder.

5.2 "Development Work" means the Customized Product, all other results and items arising out of Supplier's development of a Customized Product under this Agreement, including without limitation consulting reports and assessments, software, tools, Documentation, drawings, models, devices, reports, diagrams, instructional materials, notes, records, prototypes, and all Intellectual Property thereto.

5.3 "Intellectual Property" means discoveries, inventions, developments, improvements, works of authorship, mask works, identifying marks, trade dress, confidential or proprietary information, know-how, designs, processes, technologies and other such items, and any related rights, including patents, patent applications, utility models, design rights, copyrights, moral rights, trade secrets, mask work registrations, trademarks and service marks, and all registrations, applications, renewals, extensions, combinations, divisions, continuation-in-part, continuations or reissues of any of the foregoing, now existing or hereafter filed, issued, or acquired.

5.4 "Pre-existing Intellectual Property" means all Intellectual Property of a Party that has already been conceived, developed, or first reduced to practice prior to the Effective Date of this Agreement or prior to the commencement of any work performed pursuant to an SOW, whichever occurs later.

5.5 "Services" means the tasks, activities and deliverables related to customization of the Software(s) for HP associated with Development Work all as detailed in an SOW.

5.6 "SOW Specification" means a detailed description of the final deliverables as set forth an SOW attachment to this Exhibit E.

5.7 "Prizing Support" means the operation of the dashboard provided under Supplier Services, including the control of challenges and win conditions.

6. SERVICES

6.1 Scope. HP is requesting that Supplier assist with the development of a Customized Product. All such Services will be described in an SOW. Each SOW is incorporated into this Agreement. In addition to the Services that are specifically described in a SOW, the Services shall include services, functions or responsibilities that are inherent in the described services or necessary for the delivery of the Customized Product.

6.2 Subcontractors. Supplier shall not subcontract its duties or responsibilities under any SOW without the prior written approval of HP.

7. CHANGE ORDER PROCESS

7.1 Should either Party desire to change the terms of an SOW, the following will occur: (a) the initiating Party will document the request in writing; (b) authorized representatives of Supplier and HP will negotiate the impact of the requested change(s); (c) if both Parties agree to the change, the terms of the change will be documented in a "Change Order" or amendment to the particular SOW; and (d) the change(s) will take effect upon signature of the Change Order or amendment by authorized representatives of Supplier and HP.

8. SITE ACCESS

8.1 If HP permits Supplier access to any HP site, Supplier shall comply with all applicable site security and safety policies and procedures. Supplier will immediately replace, at Supplier's expense, personnel who fail to comply with applicable site security and safety policies. Supplier shall be solely responsible for the evacuation of Supplier's personnel from any HP site, including all costs.

9. ACCEPTANCE

9.1 Upon completion of any Development Work, Supplier will provide a complete copy of the Development Work to HP. Such deliverables will be evaluated in accordance with the terms of the Acceptance Section of this Agreement and relevant terms of an applicable SOW. If the Development Work is rejected by HP, and Supplier is unable to correct the identified problems within the time period specified in this Agreement, HP may withhold Supplier's fee related to such Development Work, or if the fee has been paid in full to Supplier, such fee shall be refunded to HP upon request. In the event of termination of this Agreement or a Statement of Work associated with this Agreement with or without cause by HP, HP shall pay Supplier any outstanding fees for all accepted Deliverables/Milestones and outstanding prorated fees for all services performed up to the date of termination.

10. FEES AND PAYMENT

10.1 Fees. HP shall only be responsible for the fees for Services as specified in the applicable SOW and purchase order, in accordance with the applicable terms of Exhibit B.

10.2 Payment. Unless otherwise agreed in the applicable SOW, with respect to any fees for the Services that are in addition to those specified in this Agreement, HP shall issue payment for all valid invoices submitted in accordance with Exhibit B of this Agreement.

11. OWNERSHIP AND LICENSES

11.1 Pre-existing Intellectual Property. Each Party solely and exclusively retains all rights, title, and interest in and to any and all of its Pre-existing Intellectual Property, irrespective of any disclosure of such Pre-existing Intellectual Property to the other Party, subject to the licenses granted herein.

11.2 Independently Developed Intellectual Property. Notwithstanding anything in this Agreement to the contrary, each Party retains all right, title and interest in, and grants no license to Intellectual Property which has been generated independently of this Agreement and without access to the other Party's materials ("Independently Developed Intellectual Property").

11.3 Ownership of Development Work. Subject to Supplier rights in any Pre-Existing Intellectual Property and any Independently Developed Intellectual Property, HP will own and Supplier assigns and agrees to assign to HP, and will cause each Subcontractor to assign to HP, all right, title, and interest in the Development Work. To the extent permitted by law, Supplier waives any moral rights, such as the right to be named as author, to modify, to prevent mutilation, and to prevent commercial exploitation, whether arising under the Berne Convention or otherwise. All such Development Work will be deemed HP Confidential Information under this Agreement. All works of authorship included in the Development Work will bear the following copyright notice: "© Copyright Hewlett-Packard Development Company, L.P."

11.4 Inventions. Supplier will inform HP promptly of any new Intellectual Property created in Supplier's development of the Development Work. During and after this Agreement, Supplier will assist HP, at HP's expense, to secure, maintain, and defend HP's Intellectual Property Rights in such Intellectual Property. To the extent reasonably requested by HP, and at HP's expense, Developer will execute, and will ensure that each Subcontractor executes, any additional documents reasonably necessary to perfect, on a worldwide basis, HP's rights in such Intellectual Property. Developer will not, without prior written authorization from HP, enter into any agreement with any third party relating to the disclosure, exploitation, or transfer of such Intellectual Property.

11.5 License to HP Materials. HP may provide materials, including but not limited to specifications and graphics ("HP Materials"), to Supplier for the sole purpose of developing the Development Work. These HP Materials are considered HP trade secret and Confidential Information in accordance with the Confidential Information Section of this Agreement. Any and all changes and additions to the HP Materials (including but not limited to source code and object code) created by Supplier will be considered a derivative work of the HP Materials. HP retains all right, title, and interest in the HP Materials and any development and derivatives created by Supplier arising from the use of the HP Materials. Supplier is permitted to use HP Materials for the development of the Development Work and in no event shall the HP Materials be used for commercial purposes by Supplier.

12. WARRANTIES AND INTELLECTUAL PROPERTY PROTECTION

12.1 Development Work. Supplier represents and warrants that the Development Work will perform in accordance with published documentation and the SOW Specifications set forth in the applicable SOW. In addition, all warranties, indemnities and other provisions set forth in the Warranty and Indemnity Sections of this Agreement shall be applicable to the Development Work.

12.2 Services. Supplier warrants that (a) the Services will be performed by qualified workers experienced in performing the type of work specified on the SOW; (b) the Services will be performed in a diligent and professional manner; (c) the Services will conform to the provisions of this Agreement, including the No Infringement Warranty Section of this Agreement, and the applicable SOW; and (d) the Services will not violate or in any way infringe upon the rights of third parties, including proprietary information and non-disclosure rights, or any trademark, copyright or patent rights.

13. TERM AND TERMINATION

13.1 Term. In the event of the expiration or termination of this Agreement, the term thereof will extend until the completion of any SOW that is then in progress.

Exhibit 21.1

List of Subsidiaries of Versus Systems, Inc.

Name	Jurisdiction of Incorporation or Organization
Versus Systems Holdco, Inc.	Nevada
Versus, LLC	Nevada
Versus Systems UK Ltd	United Kingdom

Exhibit 23.1

DAVIDSON & COMPANY LLP Chartered Professional Accountants

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form F-1 of our report dated November 20, 2020, relating to the consolidated financial statements of Versus Systems Inc., which is part of this Registration Statement.

We also consent to the reference to us under the caption "Experts" in the Prospectus.

/s/ DAVIDSON & COMPANY LLP
"DAVIDSON & COMPANY LLP"
Chartered Professional Accountants

Vancouver, Canada

November 20, 2020

A member of Nexia International

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