ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made as of April 9, 2017

BETWEEN:

PHOTON CONTROL R&D LTD., a corporation existing under the laws of the Province of British Columbia, Canada

(“**Vendor**”)

AND:

PHOTON CONTROL INC., a corporation existing under the laws of the Province of British Columbia, Canada

(the “**Purchaser**”)

WHEREAS the Purchaser wishes to purchase, and the Vendor wishes to sell, certain “Intangible Assets”, “Inventory” and “Equipment” (each as defined in section 1.1 and collectively referred to herein as the “**Purchased Assets**”) on the terms and conditions contained herein.

NOW THEREFORE, in consideration of the respective covenants and agreements contained in this Agreement, and for other good and valuable consideration, the Parties hereto agree with each other as follows:

1. **Definitions and Interpretation**

1.1 In this Agreement and the Schedules hereto, the following words and phrases shall have the following meanings:

(a) “**Agreement**” means this agreement;

(b) “**Ancillary Agreements**” means all agreements, certificates and other instruments delivered or given pursuant to this Agreement;

(c) “**Assigned IP**” means all of the Intellectual Property, except for the Excluded Assets;

(d) “**Business Day**” means a day other than a Saturday, Sunday and any other day which is a legal holiday in Vancouver, British Columbia;

(e) “**Closing**” means the completion of the sale to, and the purchase by the Purchaser of, the Purchased Assets on the Closing Date;

(f) “**Closing Date**” means April 14, 2017, or such other date as the parties hereto may agree to in writing;

(g) “**Confidential Information**” means any oral, written or electronic data and information now or hereafter existing relating to the business, products and management of either party which is treated by such party as confidential, to which access is granted or obtained by the other party, but does not include any data or information which:

(i) was known to the recipient prior to the disclosure to it by the other party; or

(ii) was independently developed by the recipient as evidence by record; or

(iii) is subsequently lawfully obtained by the recipient from a third party, without breach of this Agreement by the recipient; or

(iv) becomes publicly available other than through a breach of this Agreement; or

(v) is disclosed where the other party has provided its prior written consent to such disclosure by the recipient; or

(vi) is disclosed by legal requirement;

(h) "**Consents**" means any consents, approvals, waivers and releases required for the execution, delivery or performance of this Agreement or any Ancillary Agreement;

(i) "**Court Order**" means the collective orders in the Oral Reasons for Judgment in Chambers pronounced by Mr. Justice Davies of the Supreme Court of British Columbia on December 15, 2016 in connection with the Legal Proceedings;

(j) "**Encumbrance**" or "**Encumbrances**" means, except where in favour of the Purchaser, any mortgage, charge, pledge, hypothecation, security interest, lien, covenant, condition, right, lease, license, assignment, option or claim or any other encumbrance, title defect or adverse claim of whatever kind or nature, regardless of form, whether or not registered or registrable and whether consensual or arising by law (statutory or otherwise) which may adversely affect the Purchaser's ownership or possession of the Purchased Assets after Closing;

(k) "**Equipment**" means the equipment owned by the Vendor as listed in Schedule D;

(l) "**Excluded Assets**" means the Intellectual Property and other assets listed in Schedule B

(m) "**Existing Arrangements**" means the Inter-Company Agreements, all as deemed modified to the extent applicable to comply with the Court Order;

(n) "**Governmental Authority**" means any federal, provincial, state, regional, county, municipal, or other government or governmental authority or official, domestic or foreign, and includes any board, bureau, commission, department, administrative agency or regulatory body thereof;

(o) "**Installment Calculation**" has the meaning set out in section 3.3(a)(iii);

(p) "**Intangible Assets**" means all intangible assets of the Vendor (including, without limitation, the Assigned IP, customer service agreements in relation to the Assigned IP, customer lists in relation to the Assigned IP, and goodwill as set out in Schedule A) as at the date hereof and the Closing Date, but excluding the Excluded Assets;

(q) "**Intellectual Property**" means all patents, service marks, trade names, trade marks, industrial designs or industrial property, trade secrets, know-how, inventions, process, computer systems, application software and other industrial or intellectual property, whether or not registered, that are owned by or licensed to or used, developed, held by (or registered in the name of) the Vendor and all procedures, discoveries or know-how researched and developed by the Vendor;

(r) "**Inter-Company Agreements**" means the inter-company agreement dated October 1, 2008 between the Purchaser and the Vendor plus an addendum thereto for fiscal 2010, an addendum thereto effective January 13, 2013, and an addendum thereto effective December 13, 2013;

(s) "**Inventory**" means the inventory of the Vendor as listed in Schedule C;

(t) "**IP Claim**" has the meaning set out in section 10.4;

(u) "**Legal Proceedings**" means the action commenced by the Purchaser on August 23, 2016 in the Vancouver registry of the Supreme Court of British Columbia under Action No: S-167701;

(v) "**License Agreement**" means a license agreement between the Purchaser (as licensor) and the Vendor (as licensee) pursuant to which the Purchaser grants to the Vendor rights to use certain of the Assigned IP in certain applications that are unrelated to the Purchaser Field of Use on mutually agreeable terms and conditions, including (i) the Vendor agreeing not to use the licensed Intellectual Property thereunder to compete with the Purchaser and (ii) the Vendor's payment of a 3% royalty on the licensed Intellectual Property thereunder in respect of sales of Vendor products (subject to a waiver of the royalty for Vendor products that incorporate the licensed Intellectual Property thereunder that are manufactured by the Purchaser for the Vendor);

(w) "**Payment Period**" has the meaning set out in section 3.3(a)(i);

(x) "**Person**" means a natural person, corporation, body corporate, partnership, joint venture, association, trust or an incorporated organization or any trustee, executor, administrator or other legal representative;

(y) "**Purchase Installments**" has the meaning set out in section 3.3(a)(i); and

(z) "**Purchase Price**" is as determined under section 3.3;

(aa) "**Purchased Assets**" means the Intangible Assets, the Inventory and the Equipment collectively, and, for certainty, excluding the Excluded Assets;

(bb) "**Purchaser Field of Use**" means the development, design, manufacture and distribution of optical sensors and instruments that measure temperature, pressure, position and flow, which are used in a wide spectrum of industries, including but not limited to the semiconductor, oil and gas, power and life science industries;

[name of Vendor employee redacted]

(cc) "**Releasees**" means the Vendor, Michael Weston, David C. Dueck, Christopher Weston, [redacted], and DCD Management Ltd.;

(dd) "**Tax**" or "**Taxes**" refers to any and all federal, provincial, regional, state, municipal, local and foreign taxes, assessments and other governmental charges, tariffs, duties (including customs duties), levies, assessments, fees, impositions and liabilities including interest penalties and additional taxes thereon, including taxes based upon or measured by gross receipts, and value added, ad valorem, transfer, surtax, stamp, excise, goods and services, and any related charge or amount (including any fine, penalty or interest); and

(ee) "**Transferred Employees**" has the meaning set out in section 5.1.

1.2 "This Agreement" means this Agreement as may from time to time be supplemented or amended in writing and in effect, and includes all the schedules attached hereto.

1.3 All references in this Agreement to designated "sections" in other subdivisions or Schedules are to the designated sections and other subdivision or Schedules of or attached to this Agreement.

1.4 The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular section or subdivision.

1.5 The headings are for convenience only and 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 provision hereof.

1.6 The singular of any terms includes the plural and vice versa, the use of any term is generally applicable to any gender and, where applicable, a body corporate, the word "or" is not exclusive and the word "including" is not limiting whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto.

1.7 All references to currency means lawful money of Canada (unless expressed to be in some other currency).

1.8 Any reference to a statute includes the regulations made pursuant thereto, with all amendments made to the statute or regulations and in force from time to time, and any statute or regulations that may be passed which has the effect of supplementing or superseding such statute or such regulations.

1.9 Any reference to a corporate entity includes, and is also reference to an entity that is, a successor to such corporate entity.

1.10 Where the time for doing an act falls or expires on a day which is not a Business Day, the time for doing such act is extended to the next Business Day.

1.11 This Agreement and all matters arising hereunder will be governed by and construed in accordance with the laws in force in the Province of British Columbia and the federal laws of Canada applicable therein and the parties hereto submit and attorn to the exclusive jurisdiction of the courts of the Province of British Columbia.

2. Schedules

2.1 The following are Schedules to this Agreement:

Schedule A	Intangible Assets
Schedule B	Excluded Assets
Schedule C	Inventory
Schedule D	Equipment
Schedule E	Products for Purchase Installments Calculation (comprised of Schedule E1 and Schedule E2)
Schedule F	Press Release Announcing Terms of Agreement

3. Purchase and Sale

3.1 The Vendor hereby agrees to sell, transfer and assign to the Purchaser, at the time of Closing, all of its right, title and interest in and to the Purchased Assets, including:

(a) the entire right, title and interest for the entire world the Vendor may have in and to any copyright associated with the Assigned IP, as well as the right to receive any copyright registrations for such Assigned IP;

(b) the entire right, title and interest for the entire world the Vendor may have in and to any trade mark or trade name rights associated with the Assigned IP; and

(c) the entire right, title and interest for the entire world it may have to any inventions, products or processes relating to the Assigned IP, together with its entire right, title and interest it may have to any patent applications which may be filed with respect to such items and any and all divisional applications thereof and any and all patents which may issue or be re-issued for said items to the end of the term for which each said patent may be granted,

free and clear of all Encumbrances, for the Purchase Price.

3.2 Further to section 3.1, the Vendor acknowledges and agrees to the following:

(a) to waive, as against the Purchaser, its successors, assigns or licensees (other than the Vendor), without further consideration, all of the moral rights which it may have or will acquire in respect of any Intellectual Property rights associated with the Assigned IP; and

(b) to do all things and execute, without further consideration, such further confirmatory assignments, lawful assignments, documents, assurances, applications and other instruments as may be reasonably required by the Purchaser, its successors and assigns, to confirm that all Intellectual Property rights associated with the Assigned IP are vested in the Purchaser for the past, present and future.

3.3 The purchase price (the "**Purchase Price**") to be paid by the Purchaser to the Vendor for the Purchased Assets is the aggregate of the following amounts, the total of which amounts is believed by the parties to be the aggregate fair market value of the Purchased Assets:

(a) for the Intangible Assets, the following will apply:

(i) the Purchaser will pay the Vendor on a quarterly basis (each a "**Purchase Installment**") for a period of five years from January 1, 2017 to December 31, 2021 inclusive (the "**Payment Period**"), an amount equal to 4.25% of the gross revenues from the sale by the Purchaser of any of the products which:

(A) have been created in reliance upon Intellectual Property currently under license from the Vendor pursuant to the Existing Arrangements, a detailed list of which is listed on Schedule E1 hereto;

(B) may hereafter be created in reliance upon, whether in whole or in part, the Intellectual Property currently under license from the Vendor pursuant to the Inter-Company Agreements; or

(C) have been created or which may hereafter be created based on designs in development by the Vendor up to December 31, 2016, whether in whole or in part, a detailed list of which designs in development are listed on Schedule E2 hereto or, if not referenced in Schedule E2, shall be agreed between the Vendor and the Purchaser prior to the Closing Date;

(ii) each quarterly Purchase Installment will be paid by the Purchaser to the Vendor within 30 Business Days after the end of each fiscal quarter of the Company (i.e. March 31, June 30, September 30 and December 31), provided that the first Purchase Installment for the quarter ending March 31, 2017 shall be paid on or before the later of (A) 30 Business Days after March 31, 2017 and (B) the 10th day after the Closing Date;

(iii) concurrently with delivery of the Purchase Installment, the Purchaser shall provide the Vendor with a statement providing sufficient detail as to the manner in which the Purchase Installment was calculated (the "**Installment Calculation**"), including the gross revenues received by the Purchaser in respect of a sale which would trigger a payment obligation, and for greater certainty:

(A) the rendering of an invoice shall trigger the payment obligation (not payment for such invoice); and

(B) the Purchaser shall render an invoice to its customer for any products delivered in the month in which the product is delivered.

(iv) within 15 Business Days of receipt by the Vendor of the Installment Calculation, the Vendor shall have the right to conduct such audit of the books and records of the Purchaser as may be required by the Vendor to confirm the accuracy of the quarterly Purchase Installment made for that quarter;

(v) the Purchaser shall use reasonable commercial efforts to maximize the amount of the Purchase Installments payable and shall not organize its business affairs, or undertake any merger, consolidation, reorganization or other arrangement where a major purpose for such arrangement would be to lower or eliminate the amount of the Purchase Installments payable hereunder and, throughout the Payment Period, shall render invoices to customers in the ordinary course without delay;

(b) for the Inventory, the Purchaser will pay the Vendor at Closing $130,000; and

(c) for the Equipment, the Purchaser will pay the Vendor at Closing $640,000.

3.4 Taxes on Purchaser of Purchased Assets. The Purchaser shall be responsible for all applicable Taxes exigible on the purchase of the Purchased Assets from the Vendor under this Agreement (excluding any income Taxes that may be payable by the Vendor in connection with the sale of the Purchased Assets) and the Purchase Price is exclusive of all such Taxes. The Purchaser is solely responsible for all transfer fees, Taxes duties and costs associated with the transfer, assignment or conveyance of the Purchased Assets into the name of the Purchaser.

4. **Covenants**

4.1 Vendor Covenants. The Vendor hereby covenants and agrees on the following:

(a) prior to or concurrently with Closing, to pay to the Purchaser:

(i) all amounts owing and payable to the Purchaser by the Vendor up to the Closing Date under the Existing Arrangements (which amounts total approximately $216,000 as at the date of this Agreement), and

(ii) the amount owing and payable under a certain promissory note due March 1, 2010 with original principal amount of $315,000 issued by the Vendor to the Purchaser (current outstanding principal amount being approximately $100,000), which amount is to be calculated based on full pre-payment without penalty of principal and interest owing under the promissory note as of the date of payment;

(b) on the Closing Date, to transfer legal and beneficial title to the Purchased Assets to the Purchaser free and clear of all Encumbrances at the time of Closing;

(c) prior to the Closing Date, to use its best commercial efforts to conduct the Vendor's business so as not to cause or permit to exist a breach of any representations and warranties of the Vendor contained in this Agreement or any material disruption in the business of the Vendor or of the Purchaser, recognizing that both the Vendor and the Purchaser are currently in the process of relocating from their existing premises, and the employees of the Vendor will be engaged in discussions regarding their transition from the Vendor to the Purchaser;

(d) to execute and deliver, or arrange to have executed and delivered, all documents and instruments which are contemplated to be executed and delivered by the Vendor pursuant to this Agreement;

(e) to obtain all necessary Consents to the Vendor entering into and completing the transactions contemplated by this Agreement and the Ancillary Agreements, provided that, in connection with any Consents that may be required from the Vendor's current customers to the assignment of the customer contracts included as part of the Intangible

Assets, the Vendor will use its reasonable commercial efforts to obtain such customer Consents (based on the customer contracts "as is where is") and the Purchaser will cooperate with the Vendor to do so and, if any such customer Consent is not granted by Closing or within three months of the Closing Date, the Purchaser acknowledges that the related customer contracts for which Consents have not been so granted (despite the Vendor's best efforts to obtain same) shall have been transferred pursuant to this Agreement on an "as is where is" basis; and

(f) within 90 days after the Closing Date, to change the name of the Vendor to exclude any reference to "Photon" or "Photon Control".

4.2 Purchaser Covenants. The Purchaser hereby covenants and agrees on the following:

(a) prior to or concurrently with Closing, to pay to the Vendor:

(i) all royalties (currently estimated at $734,785.68) and other amounts (currently estimated at $959,307.71) owing and payable by the Purchaser to the Vendor up to December 31, 2016 under the Inter-Company Agreements, and

(ii) all amounts owing and payable by the Purchaser to the Vendor in 2017 up to the Closing Date pursuant to service orders under the Existing Arrangements;

(b) to pay the Purchase Price in accordance with section 3.3;

(c) to execute and deliver, or arrange to have executed and delivered, all documents and instruments which are contemplated to be executed and delivered by the Purchaser pursuant to this Agreement; and

(d) to obtain all necessary Consents to the Purchaser entering into and completing the transactions contemplated by this Agreement and the Ancillary Agreements.

5. **Employees**

5.1 As soon as practicable after the signing of this Agreement, the Vendor shall provide the Purchaser with an up-to-date list of the employees of the Vendor (other than [redacted], [redacted] and any directors of the Vendor who are employees of the Vendor) (the "**Transferred Employees**") together with all employment-related information relating to such Transferred Employees. Before the Closing Date, the Purchaser will negotiate new employment arrangements with the Transferred Employees to be effective upon Closing. Before the Closing Date, the Vendor will give notice to all the Transferred Employees of termination of their employment with the Vendor effective as of the Closing Date, subject to the Closing. Subject to the Closing, the Purchaser agrees to offer employment effective as of the Closing Date on substantially the same terms and conditions of employment existing as of the Closing Date (and no less favourable than those extended by the Vendor to such Transferred Employees prior to the Closing Date, including salary and benefits, and including recognition of their years of service with the Vendor) and will assume any and all employer obligations in respect of all the Transferred Employees as if they were initially employed by the Purchaser.

[names of Vendor employees redacted]

5.2 The Vendor and Purchaser will cooperate to effect an orderly transfer of the Transferred Employees to the employ of the Purchaser as of the Closing Date.

5.3 The Vendor shall not attempt in any way to discourage Transferred Employees from accepting any offer of employment made by the Purchaser.

5.4 The Vendor shall be responsible and shall pay for:

(a) all liabilities for salary, wages, bonuses, overtime wages, commissions, overtime obligations or overtime pay, vacation pay and other compensation and all liabilities relating to employment of all Transferred Employees prior to Closing, provided that, at the request of the Purchaser, the Vendor may credit the amount of any vacation pay accrual to the Purchaser in satisfaction of the obligation to pay such amount directly to the Transferred Employees;

(b) all severance and notice payments, severance pay, termination pay, damages for wrongful dismissal, termination of contract and all related costs in respect of the termination by the Vendor of the employment of any Person (who is otherwise a Transferred Employee) who does not accept the Purchaser's offer of employment referred to in section 5.1; and

(c) all liabilities for claims for injury, disability, death or workers' compensation or claims from any other contract or circumstance arising from, or related to employment of any Transferred Employee, prior to the Closing Date of which the Vendor is aware as at the Closing Date.

5.5 The Purchaser shall be entitled to give such notice to the Transferred Employees concerning the change in their employer as the Purchaser considers reasonable, subject to approval of the Vendor to the form of such notice, acting reasonably.

5.6 The Purchaser will assume, and will indemnify the Vendor from, all obligations and liabilities related to or arising from or in connection with:

(a) the Purchaser's employment of the Transferred Employees that exist or accrue from and after the Closing Date and

(b) all obligations and liabilities to any Transferred Employees for severance amounts whether relating to periods before or after the Closing Date (except as provided in section 5.4(b) for any Transferred Employee who does not accept the Purchaser's offer of employment), including any and all liabilities that may accrue to the Vendor as a consequence of the transfer of the Transferred Employees to the Purchaser pursuant to section 5.1.

5.7 Without the prior written consent of the Purchaser, the Vendor will not directly or indirectly solicit for employment or engagement the Transferred Employees who will be hired by the Purchaser, provided that:

(a) the Purchaser acknowledges and agrees that the placement by the Vendor of an advertisement for employees in a publication of general distribution shall not constitute solicitation for the purposes of this Agreement; and

(b) if the employment or engagement of any employee or contractor of the Purchaser is terminated for any reason not in breach of the other provisions of this section 5.7, then the Vendor shall be entitled to engage such person as the Vendor's employee or contractor without being in breach of this section 5.7.

5.8 The Vendor agrees to make available to the Purchaser the services of [redacted], on an as needed basis at the Purchaser's sole discretion, for at least 90 days after the Closing Date, provided that

[Vendor employee name and compensation redacted]

(a) for the first 30 days after Closing, [redacted] shall be available to devote 100% of his time to the Purchaser;

(b) for the second 30 days after Closing, [redacted] shall be available to devote 50% of his time to the Purchaser; and

(c) for the final third 30 days after Closing, [redacted] shall be available to devote 25% of his time to the Purchaser,

with any different amount of time to be mutually agreed to by the parties hereto. The Purchaser will pay to the Vendor a fee of [redacted]00 per hour for each hour devoted by [redacted] to the performance of the services to the Purchaser.

[name of Vendor employee redacted]

5.9 Notwithstanding the foregoing provisions of this section 5, the Vendor and the Purchaser agree that, in respect of [redacted] (one of the Transferred Employees), his employment will be transferred from the Vendor to the Purchaser effective July 1, 2017 (or such other date agreed to by the Vendor and the Purchaser) instead of as of the Closing Date. The Vendor agrees to make available the services of [redacted] on a full-time basis to the Purchaser until such time as his employment is transferred to the Purchaser. The Purchaser will be responsible for all costs of [redacted]'s employment during such secondment, including salary, benefits and vacation pay.

6. **Future Business Relationships**

6.1 The Vendor and the Purchaser agree on the following relating to future business relationships after Closing which shall survive the Closing in accordance with their terms:

(a) License Agreement. On or before Closing, the Purchaser and the Vendor will enter into the License Agreement so that, upon Closing, the Vendor will have the right to use certain of the Assigned IP in unrelated applications in the Vendor's field of use (as will be specified in the License Agreement) which shall not impinge on the Purchaser Field of Use on the terms and conditions set out in the License Agreement;

(b) Preferred Manufacturer. The Purchaser will be recognized as a preferred manufacturer for the Vendor's products, on terms to be mutually agreed to on a case-by-case basis, provided that the failure of the Vendor and Purchaser to agree on the terms pursuant to which the Purchaser may manufacture products for the Vendor shall not preclude the Vendor from soliciting or using other manufacturers to produce such products; and

(c) Non-Competition. The Vendor agrees that, for a five-year period after the Closing Date, it shall not (and will cause the Releasees and the Vendor's directors, officers, employees, and dependent contractors, other than David C. Dueck, to not), without the prior written consent of Purchaser, whether individually or in partnership or jointly or in conjunction with any Person as principal, agent, consultant, employee, shareholder or in any other manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise or provide any consulting services for any Person that produces, markets, sells or otherwise deals in products or services competitive with the products or services produced, marketed, sold, licensed or otherwise dealt in by the Purchaser or by the

Vendor (prior to Closing) in the Purchaser Field of Use or with those products or services the Purchaser or the Vendor (prior to Closing) contemplated producing, marketing, selling or licensing in the Purchaser Field of Use. For the purposes of this section 6.1(c), “dependent contractor” means an individual who works for the Vendor on a full-time basis, or on a continuing and regular basis for a minimum amount of time per week, providing services normally provided by an employee and who is subject to the same control and direction by the Vendor over the details and methods of work as an employee of the Vendor, but for whom income tax deductions are not made at source.

7. **Representations and Warranties**

7.1 The Vendor represents and warrants the following to the Purchaser as representations and warranties that are true as at the date hereof and at the time of Closing as if such representations and warranties were made at such time:

(a) the Vendor is a company duly incorporated and existing under the laws of the Province of British Columbia, is in good standing with respect to the filing of annual reports, and has the requisite corporate capacity and authority to execute and deliver this Agreement and the Ancillary Agreements, to consummate the transactions contemplated by this Agreement and the Ancillary Agreements, and to duly observe and perform all of its covenants and obligations in this Agreement and the Ancillary Agreements;

(b) neither the execution and delivery of this Agreement and the Ancillary Agreements, nor the consummation of the transactions contemplated hereby and thereby, will conflict with or result in a breach of any of the terms, conditions or provisions of the constating documents of the Vendor or any agreement or instrument to which the Vendor is a party or by which it is bound or constitute a default under any of the foregoing or violate any law, rule, regulation, judgment or decree by which the Vendor is bound, the consequences of which would impair the ability of the Vendor to perform its obligations under this Agreement and the Ancillary Agreements;

(c) this Agreement and the Ancillary Agreements have been duly authorized, executed and delivered by the Vendor and this Agreement and the Ancillary Agreements constitute legal, valid and binding obligations of the Vendor enforceable against the Vendor in accordance with their terms;

(d) no consent, approval, authorization, license, order or permit of any Governmental Authority, court or arbitrator, and no filing, notice or registration by the Vendor with any Governmental Authority, court or arbitrator is required in order:

(i) for the Vendor to incur its obligations pursuant to this Agreement and the Ancillary Agreements;

(ii) for the Vendor to execute and deliver all other agreements, instruments and documents required to be executed and delivered by the Vendor pursuant to this Agreement and the Ancillary Agreements;

(iii) for the Vendor to duly observe and perform the provisions, terms and conditions of this Agreement, and the Ancillary Agreements and all other agreements, instruments and documents to be executed and delivered pursuant to this Agreement and the Ancillary Agreements; and

(iv) to render this Agreement and the Ancillary Agreements, and all other agreements, instruments and documents to be executed and delivered pursuant to this Agreement and the Ancillary Agreements, legal, valid, binding and enforceable in accordance with their terms;

(e) the Vendor is the sole and unconditional legal and beneficial owner of and has good and marketable title to the Purchased Assets, free and clear of all Encumbrances whatsoever, other than claims to such Purchased Assets made by the Purchaser as evidenced in the Legal Proceedings or any claims by any customer for which a product was developed or produced, provided that the Vendor is not currently aware of any such claim;

(f) to the Vendor's knowledge after due enquiry, the Vendor will have no indebtedness or liability, due or accruing, contingent or absolute, liquidated or unliquidated, to any Person in respect of which the Purchaser may become liable as a result of completing the purchase of the Purchased Assets or the transfer of the Transferred Employees or which by the operation of law or otherwise, except as contemplated in this Agreement, constitute or become an Encumbrance on the Purchased Assets or which could affect the right of the Purchaser to own or enjoy the benefit of the Purchased Assets;

(g) except for the Legal Proceedings, no legal proceeding exists or to the Vendor's knowledge is threatened against the Vendor or against any other third party with respect to or concerning the Purchased Assets;

(h) except in relation to the Purchaser's ownership rights in respect of the Assigned IP and any claims a customer of a product may make in respect of the Assigned IP associated with such product, to the Vendor's knowledge prior to Closing and after due enquiry, the use, reproduction, marketing, sublicensing or distribution of the Assigned IP by the Vendor does not infringe on or violate any patent, copyright, trade secret, trade name, trade mark or other proprietary right of any third party, and no Person has alleged a violation or breach by the Vendor of any copyright, patent, trade name or trade mark, provided that if the Assigned IP or violates the rights of any third party, then the provisions of the indemnities set forth in section 10 shall apply;

(i) to the Vendor's knowledge after due enquiry, except for the Legal Proceedings, no litigation or administrative or other proceeding or arbitration with or before any Governmental Authority, court or arbitrator or dispute with any Governmental Authority is presently in process, pending or threatened by or on behalf of the Vendor or against the Vendor and no state of facts exists which could constitute the basis of any action, suit, claim, condemnation or other litigation or administrative or other proceeding by or on behalf of the Vendor or against the Vendor;

(j) all business, excise and sales Taxes, all utility charges and all other rates, levies, assessments, charges and duties of whatsoever nature and kind required by law to be paid in respect of the business of the Vendor and the Purchased Assets have been paid to the extent that the same are due and payable;

(k) the Vendor has withheld and remitted to the Canada Revenue Agency or the applicable Tax collecting authority all amounts required to be withheld and remitted to the Canada Revenue Agency or such Tax collecting authority on payments in respect of employees or to non-residents, or otherwise, and has paid all installments of corporate tax (including all interest and penalties in respect thereof) and all goods and services tax (GST) due and payable;

(l) neither the execution or delivery of this Agreement and the Ancillary Agreements, nor the consummation of the transactions contemplated hereby and thereby will result in any Taxes, levies, assessments, duties, fees, deductions or withholdings of any amount relating to the business of the Vendor or the Purchased Assets becoming due or payable to any Governmental Authority which could be payable by, charged to or deducted or withheld from the Purchaser or result in an Encumbrance on or in respect of the Purchased Assets or otherwise affect the right of the Purchaser to own, use or enjoy the benefit of the Purchased Assets, except for Taxes payable on the acquisition of the Purchased Assets by the Purchaser as contemplated in section 3.4;

(m) neither this Agreement, nor any Ancillary Agreement nor any certificate, report or other document furnished to the Purchaser by or on behalf of the Vendor, or was prepared in connection with the transactions contemplated hereby, contains any untrue or any incomplete statement of material fact necessary in order to make the statements contained herein or therein not misleading;

(n) there is no outstanding assessment, order, certificate, lien, or judgment against the Vendor under the Employment Standards Act (British Columbia), Human Rights Code (British Columbia), Labour Relations Code (British Columbia), Workers Compensation Act (British Columbia), or any other legislation regarding employment, and all employer obligations of the Vendor with respect to the directors, officers, employees of the Vendor for withholding tax, and for Canada Pension Plan, Employment Insurance, Workers Compensation Board contributions or remittances of any kind will have been paid in full on or before the Closing Date.

7.2 The Purchaser hereby represents and warrants the following to the Vendor as representations and warranties that are true as at the date hereof and at the time of Closing as if such representations and warranties were made at such time:

(a) the Purchaser is a company duly incorporated and existing under the laws of the Province of British Columbia, is in good standing with respect to the filing of annual reports, and has the requisite corporate capacity and authority to execute and deliver this Agreement and the Ancillary Agreements, to consummate the transactions contemplated by this Agreement and the Ancillary Agreements, and to duly observe and perform all of its covenants and obligations in this Agreement and the Ancillary Agreements;

(b) neither the execution and delivery of this Agreement and the Ancillary Agreements, nor the consummation of the transactions contemplated hereby and thereby, will conflict with or result in a breach of any of the terms, conditions or provisions of the constating documents of the Purchaser or any agreement or instrument to which the Purchaser is a party or by which it is bound or constitute a default under any of the foregoing or violate any law, rule, regulation, judgment or decree by which the Purchaser is bound, the consequences of which would impair the ability of the Purchaser to perform its obligations under this Agreement and the Ancillary Agreements;

(c) this Agreement and the Ancillary Agreements have been duly authorized, executed and delivered by the Purchaser and this Agreement and the Ancillary Agreements constitute legal, valid and binding obligations of the Purchaser enforceable against the Purchaser in accordance with their terms;

(d) except for any necessary approval of the TSX Venture Exchange, no consent, approval, authorization, license, order or permit of any Governmental Authority, court or arbitrator, and no filing, notice or registration by the Purchaser with any Governmental Authority, court or arbitrator, is required in order:

(i) for the Purchaser to incur its obligations pursuant to this Agreement and the Ancillary Agreements,

(ii) for the Purchaser to execute and deliver all other agreements, instruments and documents required to be executed and delivered by the Purchaser pursuant to this Agreement and the Ancillary Agreements,

(iii) for the Purchaser to duly observe and perform the provisions, terms and conditions of this Agreement, the Ancillary Agreements and all other agreements, instruments and documents to be executed and delivered pursuant to this Agreement and the Ancillary Agreements, and

(iv) to render this Agreement, the Ancillary Agreements, and all other agreements, instruments and documents to be executed and delivered pursuant to this Agreement and the Ancillary Agreements, legal, valid, binding and enforceable in accordance with its and their terms.

8. Conditions of Closing

8.1 Conditions for the Benefit of the Purchaser. The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled or performed at or prior to the Closing, which conditions are for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser in its sole discretion:

(a) Truth of Representations and Warranties. The representations and warranties of the Vendor contained in this Agreement shall be materially 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 of such date, and an executive officer or a director of the Vendor shall also have executed and delivered a certificate to that effect, signed in such person's capacity as an officer or director of the Vendor and not in a personal capacity;

(b) Performance of Covenants. The Vendor shall have been materially fulfilled or complied with all covenants and agreements contained in this Agreement to be fulfilled or complied with by it at or prior to the Closing, and an executive officer or a director of the Vendor shall have executed and delivered a certificate to that effect, signed in such person's capacity as an officer or director of the Vendor and not in a personal capacity;

(c) Consents. All required Consents shall have been obtained on terms acceptable to the Purchaser, acting reasonably;

(d) Deliveries. The Vendor shall deliver or cause to be delivered to the Purchaser the following in form and substance satisfactory to the Purchaser, acting reasonably:

(i) certified copies of all resolutions of the board of directors of the Vendor approving the entering into and completion of the transactions contemplated by this Agreement and the Ancillary Agreements;

(ii) the certificates referred to in sections 8.1(a) and 8.1(b);

(iii) a general conveyance executed by the Vendor conveying to the Purchaser all the right, title and interest of the Vendor in and to the Purchased Assets;

(iv) necessary deeds, conveyances, assurances, transfers and assignments and any other instruments necessary or reasonably required to transfer the Purchased Assets to the Purchaser with good title, free and clear of all Encumbrances;

(v) the License Agreement and all other applicable Ancillary Agreements, each as executed by the Vendor;

(vi) evidence of delivery of a notice of termination of employment of each of the Transferred Employees as employees of the Vendor;

(vii) a release from the Releasees in favour of the Purchaser, releasing the Purchaser from any and all claims the Releasees may have against the Purchaser arising in respect of any matters raised in the Legal Proceedings or otherwise arising in respect of the commercial dealings between the Purchaser and the Vendor prior to the Closing Date, except as contemplated in this Agreement or in the Ancillary Agreements;

(viii) an agreement by each of Michael Weston and Christopher Weston with the Purchaser that, for a five-year period after the Closing Date, he shall not (and will cause his affiliated companies to not), without the prior written consent of Purchaser, whether individually or in partnership or jointly or in conjunction with any Person as principal, agent, consultant, employee, shareholder or in any other manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise or provide any consulting services for any Person that produces, markets, sells or otherwise deals in products or services competitive with the products or services produced, marketed, sold, licensed or otherwise dealt in by the Purchaser or by the Vendor (prior to Closing) in the Purchaser Field of Use or with those products or services the Purchaser or the Vendor (prior to Closing) contemplated producing, marketing, selling or licensing in the Purchaser Field of Use;

(ix) an agreement by David C. Dueck with the Purchaser that, for eighteen (18) months period after the Closing Date, he shall not (and will cause his affiliated companies to not), without the prior written consent of Purchaser, whether individually or in partnership or jointly or in conjunction with any Person as principal, agent, consultant, employee, shareholder or in any other manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise or provide any consulting services for any Person that produces, markets, sells or otherwise deals in products or services competitive with the products or services produced, marketed, sold, licensed or otherwise dealt in by the Purchaser or by the Vendor (prior to Closing) in the Purchaser Field of Use or with those products or services the Purchaser or the Vendor (prior to Closing) contemplated producing, marketing, selling or licensing in the Purchaser Field of Use; and

(x) any and all such further certificates, agreements or documents as reasonably required by the Purchaser to give effect to this Agreement; and

(e) No Legal Action.

(i) The Vendor and the Purchaser shall have instructed their respective legal counsel to endorse, and the Vendor shall have caused all of the defendants in the Legal Proceedings to instruct their legal counsel to endorse:

(A) a consent dismissal order dismissing the Legal Proceedings, including the claim, the counterclaim and the third party claim filed in the Legal Proceedings; and

(B) a Consent to Payment Out consenting to the payment of all of the monies paid into the Supreme Court of British Columbia pursuant to the garnishing order filed in the Legal Proceedings on October 5, 2016, plus accrued interest, to the Purchaser;

(ii) No action, proceeding, arbitration or other dispute resolution process shall be pending by any Person in any jurisdiction with respect to any of the matters in the Legal Proceedings; and

(iii) No action, proceeding, arbitration or other dispute resolution process shall be pending by any Person in any jurisdiction to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement and the Ancillary Agreements.

8.2 Conditions for the Benefit of the Vendor. The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled or performed at or prior to the Closing, which conditions are for the exclusive benefit of the Vendor and may be waived, in whole or in part, by the Vendor in its sole discretion:

(a) Truth of Representations and Warranties. The representations and warranties of the Purchaser contained in this Agreement shall be materially 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 date, and an executive officer or a director of the Purchaser shall also have executed and delivered a certificate to that effect;

(b) Performance of Covenants. The Purchaser shall have materially fulfilled or complied with all covenants and agreements contained in this Agreement to be fulfilled or complied with by it at or prior to Closing, and an executive officer or a director of the Purchaser shall have executed and delivered a certificate to that effect, and an executive officer or a director of the Purchaser shall have executed and delivered a certificate to that effect, signed in such person's capacity as an officer or director of the Purchaser and not in a personal capacity;

(c) Closing of Settlement with Christopher Weston. The Purchaser and Christopher Weston shall have concurrently closed transactions under a settlement agreement concurrently entered into with this Agreement for the settlement of matters arising out of his termination as President and Chief Executive Officer of the Purchaser;

(d) Consulting Agreements. The Purchaser shall have entered into the following consulting agreements:

[name of Vendor consultant and compensation redacted]

(i) consulting agreement with [redacted] for a three-month term commencing as of the Closing Date providing for him to provide and be paid for consulting services to the Purchaser at the rate of $[redacted] per day, subject to a minimum consulting fee of $[redacted] per month, and for him to be granted a stock option exercisable to purchase [redacted] common shares of the Purchaser on the terms and conditions of the Purchaser's stock option plan; and

[name of Vendor consultant and compensation redacted]

(ii) consulting agreement with [redacted] for a three-month term commencing as of the Closing Date providing for him to provide and be paid for consulting services to the Purchaser at the rate of $[redacted] per day, subject to a minimum consulting fee of $[redacted] per month;

(e) Deliveries. The Purchaser shall deliver or cause to be delivered to the Vendor the following in form and substance satisfactory to the Vendor, acting reasonably:

(i) certified copies of all resolutions of the board of directors of the Purchaser approving the entering into and completion of the transactions contemplated by this Agreement and the Ancillary Agreements;

(ii) the certificates referred to in sections 8.2(a) and 8.2(b);

(iii) a wire transfer, bank draft or certified cheque in the aggregate amount of $770,000 in respect of that part of the Purchase Price that relates to the Inventory and the Equipment as set out in sections 3.3(b) and 3.3(c);

(iv) a release from the Purchaser in favour of the Releasees, releasing the Releasees from any and all claims the Purchaser may have against any of the Releasees arising in respect of any matters raised in the Legal Proceedings or otherwise arising in respect of the commercial dealings between the Purchaser and the Vendor prior to the Closing Date, except as contemplated in this Agreement or in the Ancillary Agreements;

[litigation settlement terms redacted]

(v) a wire transfer, bank draft or certified cheque in the aggregate amount of $[redacted] payable to "[redacted]" in consideration for the deliverables being provided by [redacted] pursuant to the terms of this Agreement;

(vi) the License Agreement and all other applicable Ancillary Agreements, each as executed by the Purchaser; and

(vii) any and all such further certificates, agreements or documents as reasonably required by the Vendor to give effect to this Agreement; and

(f) No Legal Action.

(i) The Vendor and the Purchaser shall have instructed their respective legal counsel to endorse, and the Vendor shall have caused all of the defendants in the Legal Proceedings to instruct their legal counsel to endorse, a consent dismissal order dismissing the Legal Proceedings, including the claim, the counterclaim and the third party claim filed in the Legal Proceedings;

(ii) No action, proceeding, arbitration or other dispute resolution process shall be pending by any Person in any jurisdiction with respect to any of the matters in the Legal Proceedings; and

(iii) No action, proceeding, arbitration or other dispute resolution process shall be pending by any Person in any jurisdiction to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement and the Ancillary Agreements.

8.3 Non-Satisfaction of Conditions: If any condition set out in section 8.1 or section 8.2 is not satisfied or performed prior to the time specified therefor, the party hereto for whose benefit the condition is inserted may:

(a) in writing, waive compliance with the condition in whole or in part in its sole discretion by notice to the other party hereto and without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part; or

(b) elect to terminate this Agreement, in which case no party hereto shall be under any further obligation to the other party hereto to complete the transactions contemplated by this Agreement.

Each Party's right of termination under section 8.3(b) 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 section 8.3(b) shall limit or affect any other rights or causes of action either the Purchaser or the Vendor may have with respect to the representations, warranties, covenants, agreements and indemnities in its favour contained in this Agreement.

9. **Closing**

9.1 The Closing of the transaction of purchase and sale contemplated by this Agreement shall take place at the office of the Purchaser's counsel, Koffman Kalef LLP, 19th Floor, 885 West Georgia Street, Vancouver, British Columbia V6C 3H4 at 10:00 a.m. (Vancouver time) on the Closing Date or at such other place, on such other date and at such other time as may be agreed upon in writing between the Vendor and the Purchaser, or by the exchange of appropriate solicitor's undertakings if counsel for the Purchaser and counsel for the Vendor can agree on the terms of such undertakings, acting reasonably.

9.2 Subject to satisfaction or waiver by the relevant party hereto of the conditions of Closing set out in sections 8.1 and 8.2, at the time of Closing on the Closing Date, the transfer of possession of the Purchased Assets shall be deemed to take effect and the Existing Arrangements shall be deemed to be automatically terminated, without any ongoing obligations or liabilities after Closing for the benefit or burden or either party hereto pursuant to the Existing Arrangements.

10. **Survival and Indemnities**

10.1 The covenants, agreements, representations and warranties contained in this Agreement and given by any of the parties hereto respectively shall survive the Closing of the sale and purchase of the Purchased Assets herein provided for and shall, to the extent not otherwise contemplated or provided under this Agreement as surviving for a longer period, survive for a period of 24 months from the Closing Date, notwithstanding any investigation made by any party prior to the Closing Date, shall not merge with any deed, conveyance or other transfer, instrument or other agreement giving effect hereto, and shall survive any amalgamation or reorganization or merger entered into by any party and, notwithstanding such Closing and any investigation by or on behalf of any party, and shall continue in full force and effect indefinitely or as limited, as the case may be. The indemnities set forth in this section 10 and the confidentiality provisions set forth in section 11 survive the termination of this Agreement indefinitely. In addition, the representations and warranties in sections 7.1(e), (f), and (h) survive Closing indefinitely, and the representations and warranties in sections 7.1(j) and (k) survive Closing until 36 months after the final assessment issued by the applicable Governmental Authority.

10.2 Without prejudice to any other remedy available to the Purchaser at law or in equity, the Vendor hereby agrees, on demand, to indemnify and save harmless the Purchaser from and against all costs, damages, deficiencies, demands, injury, liabilities (whether accrued, actual, contingent or otherwise), losses, claims, judgments, amounts paid in settlement of actions or claims, and expenses (including but not limiting to legal fees and disbursements on a solicitor and its own client basis) and any manner accruing from, arising out of or with respect to or relating to any representation of the Vendor contained herein being untrue or incorrect or the failure of the Vendor to observe or perform any of its obligations hereunder or as a result of the Purchaser owning and possessing the Purchased Assets, as and from the Closing Date.

10.3 Without prejudice to any other remedy available to the Vendor at law or in equity, the Purchaser hereby agrees, on demand, to indemnify and save harmless the Vendor from and against all costs, damages, deficiencies, demands, injury, liabilities (whether accrued, actual, contingent or otherwise), losses, claims, judgments, amounts paid in settlement of actions or claims, and expenses (including but not limiting to legal fees and disbursements on a solicitor and its own client basis) and any manner accruing from, arising out of or with respect to or relating to any representation of the Purchaser contained herein being untrue or incorrect or the failure of the Purchaser to observe or perform any of its obligations hereunder, as and from the Closing Date.

10.4 Without limiting the generality of the foregoing, with respect to Assigned IP (other than Assigned IP in the state originally licensed by the Vendor from the Purchaser under the Inter-Company Agreements), without prejudice to any other remedy available to the Purchaser at law or in equity, the Vendor hereby agrees on demand to indemnify and save harmless the Purchaser from and against all costs, damages, deficiencies, demands, injury, liabilities (whether accrued, actual, contingent or otherwise), losses, claims, judgments, amounts paid in settlement of actions or claims, and expenses (including but not limiting to legal fees and disbursements on a solicitor and its own client basis) and any manner accruing from, arising out of or with respect to or relating to a claim or action that such Assigned IP, as delivered by the Vendor, infringe upon any patent issued as of the date of execution of this Agreement or any trade mark or copyright or trade secret of any third party (an "**IP Claim**"), provided that:

(a) the Purchaser promptly informs the Vendor in writing of any such IP Claim;

(b) the Purchaser shall not agree to the settlement of any such IP Claim prior to a final judgment thereon without the consent of the Vendor whose consent will not be unreasonably withheld; and

(c) at the sole option of the Purchaser, the Purchaser may defend such IP Claim, or require the Vendor to defend such IP Claim, all at the expense of the Vendor.

10.5 Notwithstanding the foregoing, no indemnity claim may be made under this section 10 unless the aggregate indemnity claim exceeds $50,000 and there shall be no individual indemnity claim for an amount less than $5,000.

11. **Confidentiality**

11.1 Each of the parties agree to:

(a) to keep all Confidential Information of the other party to which access is or has been granted to or obtained in strictest confidence and not to disclose or permit disclosure of all or any portion of such confidential information to any Person, firm, corporation, business or other entity, except as otherwise expressly permitted by this Agreement, or with the prior written consent of the other party, which consent may be unreasonably withheld;

(b) to exercise a degree of care in protecting the confidentiality of the Confidential Information of the other party which is at least equivalent to that which the party uses to protect its own Confidential Information;

(c) not to use all or any portion of the Confidential Information of the other party in any way which may be reasonably considered detrimental to the business operations of the other party;

(d) not to reproduce any Confidential Information of the other party without the prior written consent of such party, which consent may be unreasonably withheld, except to make available the Confidential Information to such of its directors, officers, employees, agents and subcontractors who need to use the Confidential Information in the performance of this Agreement and who have agreed to be bound by the terms of this section 11; and

(e) to provide access to the Confidential Information of the other party only to such of its directors, officers, agents and subcontractors with a need to use the Confidential Information in the performance of this Agreement and who have agreed to be bound by the terms of this section 11.

12. **Public Announcements**

12.1 The Purchaser and the Vendor shall consult with each other prior to issuing any press releases or otherwise making public statements with respect to this Agreement or the transactions contemplated by this Agreement and shall provide the other party with no less than two Business Days to review and comment on all such press releases or statements prior to the release thereof. To the extent that any such press release or public statement is required by applicable law, by a rule or policy of the TSX Venture Exchange (in the case of the Purchaser) or by a Governmental Authority, the press release or public announcement shall be issued or made after consultation with the other party and after taking into account the other party’s comments. If such advance consultation is not reasonably practicable or legally permitted, to the extent permitted by applicable law, the disclosing party shall provide the other party with a copy of any written disclosure made by such disclosing party as soon as practicable thereafter. Notwithstanding the foregoing, the parties hereto agree to the dissemination of the press release attached hereto as Schedule F

13. **Remedies**

13.1 It is further understood and agreed that money damages may not be a sufficient remedy for any breach by any of the parties of the provisions of sections 6.1(c), 10 and 11 of this Agreement and that in the event of such breach, the other party shall be entitled to specific performance or injunctive relief as a remedy for any breach. The exercise of any remedy shall not be deemed to be the exclusive remedy for a breach of these provisions, but shall be in addition to all other remedies available at law or equity to such party.

14. **General**

14.1 Time is of the essence of this Agreement.

14.2 All notices, payments and other required communications to be delivered hereunder shall be in writing and shall be addressed respectively as follows:

(a) if to the Vendor:

Photon Control R&D Ltd.
c/o Suite 1130 - 400 Burrard Street
Vancouver, British Columbia V6C 3A6

Email: Michael.weston@cubeglobalstorage.com

Attention: Michael Weston, Director

(b) if to the Purchaser:

Photon Control Inc.

Before April 18, 2017:	*As of April 18, 2017:*
200 – 8363 Lougheed Highway	13500 Verdun Place
Burnaby, British Columbia V5A 1X3	Richmond, British Columbia V6V 1V2

Fax: (604)422-8418

Attention: Scott B. Edmonds, Chief Executive Officer

Notice that is delivered by hand, facsimile or email transmission shall be deemed given when so delivered, if delivered on or before 4:00 p.m. on a Business Day, and, if not so delivered, then said notice shall be deemed to be delivered on the next Business Day following the date of actual delivery.

14.3 Except as may be otherwise specifically provided for herein, each of the parties hereto shall pay their respective legal, accounting and other professional fees incurred by each in connection with the negotiations and settlements of this Agreement and the Ancillary Agreements, the Closing of the transactions contemplated hereby and the other matters pertaining hereto.

14.4 The parties hereto on request by the other shall execute and deliver all such further documents and instruments and do all such further acts and things as each party may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Agreement and the Ancillary Agreements.

14.5 No amendment, modification, supplement, termination or waiver or any provision of this Agreement will be effective unless in writing signed by the appropriate party and then only in the specific instance and for the specific purpose given.

14.6 This Agreement may not be assigned without the written consent of the parties hereto and will enure to the benefit of and be binding upon each of the parties and their respective successors and permitted assigns.

14.7 Each provision of this Agreement is declared to constitute a separate and distinct covenant and to be severable from all other such separate and distinct covenants.

14.8 If any covenant or provision herein is determined to be void or unenforceable in whole or in part, it shall not be deemed to affect or impair the enforceability or validity of any other covenant or provision of this Agreement or any part thereof.

14.9 This Agreement and the Ancillary Agreements constitute the entire agreement between the parties hereto with respect to the purchase and sale of the Purchased Assets contemplated in this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties hereto, except that the Existing Arrangements shall be in full force and effect until the time of Closing on the Closing Date. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the parties in connection with the purchase and sale of the Purchase Assets contemplated in this Agreement, except as specifically set forth herein and therein and the Vendor and the Purchaser have not relied and are not relying on any other information, discussion or understanding in entering into and completing this Agreement and the Ancillary Agreements. If there is any conflict or inconsistency between the provisions of this Agreement and the provisions of any Ancillary Agreement, the provisions of this Agreement shall govern.

14.10 Nothing herein shall be deemed to create a partnership between the parties or shall be deemed to create any authority on the part of any of the parties to bind one another in any manner whatsoever.

14.11 If the Vendor becomes obligated to pay any sum of money to the Purchaser under this Agreement or any other agreement or instrument delivered to the Purchaser by any of the parties, then that sum may be, at the election of the Purchaser, without limiting or waiving any other right or remedy of the Purchaser, set-off against and shall apply to any sum of money owed by the Purchaser to the Vendor until that amount has been completely set-off. For greater certainty, the Purchaser's right of set-off shall only arise either at a time when the Vendor has entered into a written agreement confirming that an amount is due from the Vendor to the Purchaser or upon determination such amount is due by a court of competent jurisdiction.

14.12 Each party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the parties hereto and their successors and permitted assigns, and no Person, other than the parties hereto and their successors and their permitted assigns shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum.

14.13 This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

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

PHOTON CONTROL R&D LTD.

Per: *"Michael Weston"*

____

MICHAEL WESTON
Director

PHOTON CONTROL INC.

Per: *"Scott B. Edmonds"*

____

SCOTT B. EDMONDS
Chief Executive Officer

Schedule A

INTANGIBLE ASSETS

All intangible assets of the Vendor, including, without limitation, the following:

(a) the Assigned IP, including, without limitation, the Intellectual Property rights, and all associated documentation, drawings, files, notes, data, records in all media forms, regarding the following:

[specific items redacted]

but excluding Intellectual Property rights regarding '[redacted]'. [specific item redacted]

(b) customer service agreements;

(c) customer lists;

(d) goodwill; and

(e) the "Photon Control R&D" name and references, including, without limitation, all websites, URLs, domain names, logos, designs, and marketing materials.

Schedule B

EXCLUDED ASSETS

[specific item redacted]

Intellectual Property

All Intellectual Property of the Vendor relating to the [redacted] intellectual property, including without limitation all associated documentation, drawings, files, notes, data, records in all media forms relating to the [redacted] Intellectual property, and in particular, including:

[specific items redacted]

[specific item redacted]

[redacted] Inventory and Equipment

The following inventory as listed below:

[specific items redacted]

Schedule C

INVENTORY

[inventory items redacted]

and, for certainty, Inventory excludes Inventory relating to the Excluded Assets.

Schedule D

EQUIPMENT

[equipment items redacted]

Schedule E

PRODUCTS FOR PURCHASE INSTALLMENTS CALCULATION

Schedule E1

The following are the products for the purposes of the calculation of Purchase Installments payable pursuant to section 3.3(a)(i)(A) of the Agreement:

[product items redacted]

Schedule E2

The following are the products for the purposes of the calculation of Purchase Installments payable pursuant to section 3.3(a)(i)(C) of the Agreement:

[product items redacted]

200-8363 Lougheed Highway | Burnaby, BC | Canada | V5A 1X3
T 604.422.8861 **F** 604.422.8418 **E** info@photon-control.com www.photon-control.com

Photon Control Announces Completion of Settlement Agreement with Photon R&D

- *Photon Control acquires all ownership of products, names, trademarks and intellectual property*
- *Transfer of research, product development and customer service employees to Photon Control*
- *Settlement removes uncertainty for Photon Control customers*
- *Transaction to close April 14, 2017*

Burnaby, B.C., April 10, 2017 – Photon Control Inc. ("Photon Control" or the "Company") (TSX-V: PHO), a leading developer of optical measurement technologies primarily used in the semiconductor equipment industry, has executed a definitive binding agreement to settle its outstanding litigation with Photon Control R&D Ltd. and certain others (collectively "R&D"), as well as the counter-claims filed by R&D against the Company. In addition, as part of the agreement, the Company acquires certain inventory and equipment from of R&D, and hires employees of R&D.

With the closing of the settlement:

- Photon Control will acquire full ownership of all intellectual property, products, trademarks and other assets previously under dispute, and currently owned by R&D
- R&D employees will be transferred to and hired by Photon Control
- The Company will pay 4.25% of certain of its revenues to the former R&D ownership commencing January 1, 2017 for a period of five years. This arrangement reduces the royalty rate currently paid by the Company by more than 50% and decreases the term of the previous agreements by five years
- Both parties will settle all outstanding legal disputes at closing
- R&D and its principals agree to non-competition arrangements with the Company

"With this settlement our entire newly-combined organization under CEO Scott Edmonds will focus solely on creating shareholder value by completely serving the growing needs of our expanding customer base," said Neil McDonnell, Photon Control's Chair of the Board. "This agreement also provides our valued customers with much needed assurance and stability and at the same time adds a strong cohort of talented industry experts to our research and product development teams. We would like to thank Chris and Mike Weston and David Dueck for the many contributions they have made to the success of the Company since 2008. In particular, Mr. Dueck's conduct throughout this process belies any negative comments previously made by others regarding his character."

About Photon Control Inc.

Photon Control Inc. designs, manufactures and distributes a wide range of optical sensors & instruments to measure temperature, pressure, position, and flow. These products are used by original equipment manufacturers (OEM) as well as end-users in the Semiconductor, Oil and Gas, Power, Life Science, and Manufacturing industries. Photon Control's products provide high accuracy and reliability in extreme conditions and are supported by a team of experts that offer onsite installation, training, and support. Photon Control Inc. also provides engineering services for customized optical measurement systems. Headquartered in an ISO 9001:2008 manufacturing facility in Burnaby, BC, Photon Control Inc. is listed on the TSX Venture Exchange, trading under the symbol ''PHO.'' For additional information about the company, please visit www.photon-control.com/investorrelations.html.

Forward-Looking Statements

This News Release contains "forward-looking statements" within the meaning of applicable Canadian securities legislation. Such forward-looking statements concern the business and anticipated financial performance of the Company and include, without limitation, statements with respect to the unauthorized transfer of funds to Photon R&D; statements with respect to the Claim; further investigations and conclusions of the Independent Committee; additional controls and measures to be taken by the Company; the conclusions to be received from the forensic accounting audit and the IP audit; and the Company's objectives, goals, liquidity, sources of capital, expectations of sales and continued development of technologies and products.

These forward-looking statements are based on certain factors and assumptions, including, without limitation, the Company's ability to successfully transition management and board transitions; the results of the forensic accounting audit and the IP audit; the Company's evidence forming the basis of the Claim and its financial and management resources and ability to pursue the Claim; the Company's ability to successfully complete new purchase orders along the timelines expected; continued and future demand for the Company's products; continued sales to the Company's major customers; the continued financial health of the semiconductor industry; and the Company's ability to continue and further enhance revenue diversification and open new market opportunities.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation, the Company may face legal action as a result of the unauthorized transfer of funds to Photon R&D or arising from the matters that are the subject of the Claim; the Company may not be successful in obtaining the relief sought in the Claim and, therefore, may not have all of the intellectual property rights and goodwill that it believes that it has and should have; additional measures and controls may not be implemented as expected or along the timelines anticipated; uncertainties as to the results of the forensic accounting audit and the IP audit; uncertainties in the availability and cost of financing for the Company to enable the Company to achieve its goals; uncertainties relating to the market for the Company's products and maintaining a stable level of orders; fluctuations in revenue as a result of volatility in the markets and product mix; risks relating to the Company's present reliance on four major customers for the majority of its sales; risks relating to the Company's reliance on the financial health of the semiconductor industry; risks relating to the development of competing technologies and the possibility of increased competition; the effect of slow growth in the United States, the Company's principal market, as well as in Canada and other economies generally and other economic trends and conditions in the markets that the Company and its customers serve; risks associated with technical difficulties or delays in product introductions, improvements, implementation; uncertainties in product pricing or other initiatives of the Company and its competitors; uncertainties in factors that may result in a reduction in capital expenditures and/or delayed buying decisions affecting demand for the Company's products; risks relating to currency fluctuations, particularly between the Canadian and United States dollars; and risks in pursuing additional development projects to support existing customers or pursue other business opportunities.

The foregoing assumptions, risks and uncertainties are not exhaustive of the items that may affect our forward-looking statements. Should underlying assumptions prove to be incorrect or one or more of these risks and uncertainties materialize, actual results may vary materially from those described in the forward-looking statements. The Company's forward-looking statements are based on beliefs, expectations and opinions of management on the date the statements are made. For the reasons set forth above, readers should not place undue reliance on forward-looking statements. The

Company undertakes no obligation to update or revise any forward-looking statements included herein if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.

Investor Relations Contact:
Matt Glover or Najim Mostamand
Liolios Group, Inc.
949.574.3860
PHO@liolios.com

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

News Release 4-17