

PURCHASE OPPORTUNITY

Purchase Opportunity

On November 10, 2015, Ira Smith Trustee & Receiver Inc. (“**ISI**”), was appointed Receiver and Manager of the assets, properties and undertakings of Cloud Dynamics Inc. (the “**Receiver**”). Solely in its capacity as Receiver, ISI is authorized to offer for sale the Receiver’s right, title and interest, if any, in substantially all of the assets, properties and undertaking (collectively the “**Available Assets**”) of Cloud Dynamics Inc. (“**CDI**”) on an “as is, where is” basis.

The Receiver refers potential bidders (“**Potential Bidders**”), to the Terms and Conditions of Sale, which allows Potential Bidders, on a non-exclusive basis, to participate in this purchase opportunity as part of Cloud’s receivership proceedings.

Opportunity Overview

CDI is a privately owned technology company focused on Software-Defined technology (SDx) to deliver cloud solutions. CDI offers highly agile, open and standard, software-defined and highly secure turnkey products and solutions that helps MSPs, enterprises and government entities better manage IT. CDI carries on business from leased premises located at 18 Wynford Dr, Suite 307, Toronto, Ontario, Canada, M3C 3S2. CDI is continuing to operate in receivership with the necessary resources.

The Available Assets include, without limitation, all existing accounts receivable, assumed contracts, intellectual property, prepaids, office and computer equipment (both owned and leased) and goodwill.

Investment Highlights and Opportunities

Investment Opportunity: This opportunity allows for a Potential Bidder to capitalize on CDI’s: (i) strong reputation for quality and customer service; (ii) niche customer base; and (iv) growth potential in the cloud based technology marketplace.

Ability to Increase Revenue: Potential Bidders currently in the same or a related marketplace, may benefit from utilizing CDI’s technology and capabilities within an already established business structure to grow revenue and to achieve operational improvements to increase gross margins and improve the profitability of the Available Assets.

Terms and Conditions of Sale

The Receiver is offering for sale its right, title and interest, if any, in the assets, properties and undertaking of CDI. Potential Bidders are referred to the Terms and Conditions of Sale attached hereto as Exhibit “A”.

Sale Process Timeline

The Sale Process timeline is outlined below:

Receiver's advertisement in the [National Edition of The Globe & Mail Report on Business] or [National Edition of The Financial Post]	November 19, 2015
Confidentiality Agreement ("CA") distributed to interested parties	Commencing November 20, 2015
Confidential Information Memorandum circulated to interested parties after receipt of signed CA	Commencing November 20, 2015
Data room access provided to interested parties after receipt of signed CA	Commencing November 20, 2015
Deadline for submission of bids	December 4, 2015 (3:00 PM Toronto time)
Bidders notified of Bid status	No later than December 10, 2015 in accordance with the Terms and Conditions of Sale.
Transaction closing	No later than December 11, 2015 (5:00 PM Toronto time)

Contact

All communications, inquiries and requests for information relating to the acquisition of the Available Assets should be addressed to:

Ira Smith Trustee & Receiver Inc.
167 Applewood Crescent, Suite 6
Concord, Ontario L4K 4K7
F: (905) 738-9848

Attention: Martin Wolfe
T: (905) 738-4167 x127
E: martin@irasmithinc.com

APPENDIX "A"
TERMS AND CONDITIONS OF SALE

Martin Wolfe

Phone: 905.738.4167 ext. 127

Email: martin@irasmithinc.com

APPENDIX A

TERMS AND CONDITIONS OF SALE

Set forth below are the Terms and Conditions of Sale (the “**Terms and Conditions of Sale**”) to be employed with respect to the sale of the assets, properties and undertaking (the “**Purchased Assets**”) of Cloud Dynamics Inc. (the “**Company**”). Such Purchased Assets include, without limitation, all existing accounts receivable, assumed contracts, intellectual property, prepaids, office and computer equipment (both owned and leased) and goodwill (the “**Available Assets**”).

Marketing Process and Identifying Potential Bidders

1. The Receiver will immediately commence the following marketing process:
 - a) a list of potential buyers has been identified by the Receiver and will be advised of the current opportunity to acquire the assets introduced;
 - b) an advertisement will be placed in the national edition of The Globe and Mail Report on Business on November 19, 2015; and
 - c) a notice will be placed on the website of the Receiver.

Due Diligence

2. A confidential information memorandum (“**CIM**”) has been prepared and will be provided to all interested parties that sign the Receiver’s form of confidentiality agreement and who the Receiver determines is likely to be able to consummate a sale if selected as the Successful Bidder, as defined below (a “**Potential Bidder**”).
3. A Potential Bidder will be provided access to a data room containing detailed information regarding the assets to enable them to perform their due diligence.
4. Potential Bidders are cautioned not to rely upon any documentation or information provided by or on behalf of the Receiver. Any such documentation or other material provided with respect to the Available Assets was prepared solely for the convenience of Potential Bidders and is not warranted to be

complete or accurate, has not been independently verified, and is not part of these Terms and Conditions of Sale or any resulting Asset Purchase Agreement or Bill of Sale. Each Potential Bidder shall be deemed to have relied entirely on its own inspection and investigation in submitting its offer. Potential Bidders are required to obtain such third party consents as they consider necessary. Potential Bidders are to make such independent enquiries, as they deem necessary, concerning all Assets prior to submitting their Bid (as defined herein).

Bid Deadline

5. A Potential Bidder that desires to make a bid shall deliver its bid to the Receiver not later than 3:00PM (Toronto Time) on December 4, 2015 (the “**Bid Deadline**”). Any Potential Bidder who submits a bid by the Bid Deadline (the “**Bid**”) will be considered a Bidder.

Bid Requirements

6. All bids must include:
 - (a) An offer to pay a purchase price (the “**Purchase Price**”);
 - (b) A certified cheque, bank draft or wire transfer drawn on a Canadian Schedule “1” Chartered Bank (an “**Acceptable Institution**”) or by bankers draft from an Acceptable Institution in the amount of ten per cent (10%) of the Bidder’s Purchase Price contained in the Bidder’s Bid payable to the Receiver in trust. This amount will either (i) be applied to satisfy the purchase price of a Successful Bidder, the balance of which purchase price shall be due on closing; (ii) be returned to the Bidder if its bid is not successful (subject to the other provisions of these Terms and Conditions of Sale), or (iii) be forfeited to the Receiver in the event that the Successful Bidder breaches its obligations pursuant to complete the purchase in accordance with the Bidder’s Accepted Bid (as defined herein);
 - (c) A representation of the Bidder and written evidence of available cash and/or a commitment for financing to evidence the Bidder’s ability to consummate the proposed transaction as the Receiver may reasonably request;
 - (d) A copy of a resolution or similar document demonstrating authority to make an irrevocable bid, and to execute the transaction contemplated by the offering bid for the Purchased Assets;

- (e) A disclosure of the identity of each entity that will be bidding for the Purchased Assets or otherwise participating with such bid and the complete terms of any such participation;
- (f) A disclosure of the identity of each of the Officers and Directors or Partners, as the case may be, of each entity bidding for the Purchased Assets or otherwise participating with such bid;
- (g) An acknowledgement by such Bidder that if its bid becomes an Accepted Bid and therefore the bidder becomes the Accepted Bidder (as such terms are hereinafter defined) that the such Qualified Bidder's continued participation in this Stalking Horse Process is on a non-exclusive basis; and
- (h) A description of the Bidder's current operations.

Qualified Bids

- 7. A bid received from a Bidder that meets the above requirements will be considered a "Qualified Bid" and each Bidder that submits a Qualified Bid will be considered a "Qualified Bidder".
- 8. Qualified Bids will be valued and assessed by the Receiver in its sole commercial discretion based upon any and all factors that the Receiver may deem pertinent.
- 9. The Receiver, in its business judgment, reserves the right to reject any bid if such bid:
 - a) is on terms that are more burdensome or conditional than the terms contained in these Terms and Conditions;
 - b) requires any indemnification of such Bidder;
 - c) excludes assets or contracts, or leases of the Vendor;
 - d) is not received by the Bid Deadline;
 - e) is subject to any due diligence, financing condition or other contingencies (including representations, warranties, covenants, and timing requirements) of any kind or any other conditions precedent on such party's obligation to acquire the Purchased Assets; or
 - f) includes any other considerations that the Receiver may deem relevant to the bid.
- 10. Any Bid rejected pursuant to Paragraph 9 above, shall not be deemed to be a Qualified Bid.

11. The Receiver will advise all Bidders by email whether or not: (i) they are a Qualified Bidder; (ii) their Bid is a Qualified Bid; and (iii) whether the Bid is accepted or rejected by 5PM (Toronto time) on December 10, 2015 or by such further date as the Receiver may determine in its sole discretion (the “**Notification Date**”).
12. In the case of a rejected bid, the Receiver shall return to the Bidder, the amount provided in the Bid in accordance with paragraph 6(a) above, within 5 business days after the Notification Date.
13. The Qualified Bidder whose Qualified Bid is accepted by the Receiver (the “**Accepted Qualified Bid**”) shall hereinafter be described as the Purchaser and must complete the purchase no later than 5:00PM Toronto time on December 11, 2015, or by such further date as the Receiver may determine in its sole discretion. Notwithstanding the generality of the foregoing, the Receiver is not obligated to allow the Qualified Bidder to complete the purchase after December 11, 2015.

“As is, where is”

14. The Purchased Assets are being sold on an “as is, where is” basis and no warranty, condition or representation, whether statutory, express or implied is being given by the Receiver as to the description, condition, state, cost, size, quality, fitness for purpose, merchantability, or in respect to any other matter or thing whatsoever concerning the Purchased Assets other than as set out herein. The Purchaser is deemed to have satisfied itself with regard to all of the foregoing and any matter or thing whatsoever in respect of the Purchased Assets.

Miscellaneous

15. The Purchased Assets shall be and remain at the risk of the Receiver as its interest may appear until closing. From and after closing, the Purchased Assets shall be at the Purchaser’s risk. Pending closing, the Receiver shall hold any insurance policies or proceeds thereof in trust for itself, the Purchaser and others as their respective interests may appear. In the event of substantial damage to or loss prior to closing of the Purchased Assets which are insured, the Purchaser may elect by notice in writing, 15 days after receiving notice from the Receiver, of such damage or loss, either to close the Agreement and receive the remaining Purchased Assets and the proceeds of the insurance, or may rescind the Agreement, have all moneys theretofore paid returned without interest, costs, deduction or compensation, but shall have no further or other right to damages, costs, specific performance or any other remedy.

16. The Purchaser shall pay on closing, in addition to the purchase price, all applicable federal, provincial and municipal taxes in connection with the sale.
17. The Purchaser shall, at its own cost and expense, be responsible for compliance with all municipal, provincial and federal laws insofar as they apply to the Purchased Assets and the use thereof by the Purchaser from and after closing.
18. All stipulations as to time are strictly of the essence.
19. Any tender of documents or money hereunder may be made upon the Receiver or its solicitor. Money may only be tendered by certified cheque, bank draft or wire transfer drawn on an Acceptable Institution.
20. The Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and applicable laws of Canada and enure to the benefit of and be binding upon the parties thereto and their respective heirs, executors, administrators, successors or assigns as the case may be.
21. The obligations of the Receiver to complete the Agreement shall be relieved if, on or before the closing of such sale, any asset which is the subject of the sale has been removed from the control of the Receiver by any means or process, or any such asset is redeemed, or if the completion of the sale is restrained or prohibited by an injunction or other order issued by a court of competent jurisdiction, whereupon the only obligation of the Receiver shall be to return the applicable deposit, without interest, deduction, costs or compensation.