

# **Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

## **Signal Advance, Inc.**

A Texas Corporation  
2520 County Road 81  
Rosharon, Texas 77583  
Phone: 713 510 7445  
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Email: info@signaladvance.com  
SIC Codes: 8731, 8711

## **CURRENT REPORT**

### **Registrant's Business and Operations**

#### **Entry into a Materially Definitive Agreement**

At the 2018 Annual Shareholders' Meeting, Management was authorized to transfer controlling interest in the public Company through an acquisition as part of a reorganization plan. On September 9, 2019, Signal Advance, Inc., a Texas corporation (the "Company"), entered into a Share Exchange Agreement between Signal Advance, Inc. (the "Company") and Signal Advance Technologies, Inc. (SAT). The Exchange Agreement closed on October 22, 2019 and is summarized as follows:

In this transaction, SAT acquired just over 80% of the equity in the Company in exchange for the current SA shareholders acquiring 100% of the equity of SAT. The shares of SAT Common Stock are currently being issued directly to the current (qualified) shareholders of the Company.

Per the Exchange Agreement, qualified Company shareholders receive one share of SAT Common stock on a pro-rata (one-for-one) basis, for each share of the Company Common Stock currently held while retaining their shares of the Company Common Stock pursuant to the terms and subject to the conditions set forth in the Exchange Agreement.

Issuances of shares of SAT Common Stock to current shareholders of Company Stock are limited to shareholders to whom the shares have been legally issued, fully-paid and non-assessable. If Company Stock was acquired in exchange for services rendered, the services must have been satisfactorily completed in the opinion of the Company and its Corporate Counsel. Final determinations as to legal ownership of Company Stock are the sole discretion of the Company and its Corporate Counsel.

As a result of the transaction:

- 1) immediately following the Exchange transaction, the current Company shareholders acquire, on a pro-rata basis, one hundred percent (100%) of the total voting power and value of the stock of SAT;
- 2) SAT acquires just over 80% percent of the total voting power and equity of the Company.

Management believes that this step in the process of reorganization of the Company and its finances is in the best interest of our shareholders. The summary of the Exchange agreement is qualified in its entirety by reference to the full text of the Exchange agreement (Exhibit A) and incorporated herein by reference.

## Expiration of a Material Definitive Agreement

The intellectual property assignment by and between Chris M. Hymel, Ph.D. and Signal Advance, Inc. (the "Company") has expired. A new license agreement between Dr. Hymel and Signal Advance Technologies, Inc. is currently in preparation. The terms of the license agreement will include the right to sub-license the Intellectual Property to the Company. SAT has agreed to issue such sub-license to the Company in order to continue its on-going research and development activity.

In August 2019, the country of India granted a patent for the Signal Advance technology to Dr. Hymel. Patents have now been granted in the U.S., China, Mexico, Europe and India. The Company validated intellectual property protection in France, Germany, Ireland, Italy, Spain, Switzerland (and Liechtenstein) and the United Kingdom.

## **Securities and Trading Markets**

### Unregistered Sales of Equity Securities

The Shares are to be issued per the terms of the Share Exchange agreement pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933. The issuance of the Shares does not involve a public offering, and there was no general solicitation or general advertising involved in the offer or sale of the Shares. The Company provided access to all material information that SAT requested and all information necessary to verify such information. SAT was afforded open access to the Company's management team in connection with the issuance of the Shares. SAT is acquiring the Shares for investment purposes and not with a view toward distribution. SAT is acknowledging such intent to the Company and SAT understands the ramifications of its actions. The Shares will contain a legend restricting transferability when absent of registration or applicable exemption.

## **EXHIBITS**

### Exhibit A

Share Exchange Agreement between Signal Advance, Inc. and Signal Advance Technologies, Inc.

## **SIGNATURE**

The Registrant has caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Signal Advance, Inc.

Dated: October 24, 2019



By: Chris M. Hymel, President/CEO

**EXHIBIT A:**

**SHARE EXCHANGE AGREEMENT**

**between**

**SIGNAL ADVANCE, INC.**

**and**

**SIGNAL ADVANCE TECHNOLOGIES, INC.**

THIS SHARE EXCHANGE AGREEMENT (the “Exchange”) is entered into as of the Closing date (provided herein below) between Signal Advance, Inc., a Texas corporation (the “Company”), and Signal Advance Technologies, Inc. a Texas Corporation (“SAT”), collectively referred to as the “Parties”. Current shareholders of the Company are referred to as “Shareholder,” and, collectively, as the “Shareholders”.

**RECITALS**

**WHEREAS**, each Shareholder currently owns shares of common stock of the Company as listed on Schedule A hereto.

**WHEREAS**, SAT was formed for the purpose of reorganizing the Company by acquiring a greater than 80% controlling interest in the Company.

**WHEREAS**, the Shareholders currently own 100% of the issued and outstanding common stock of the Company.

**WHEREAS**, the Shareholders have agreed to accept shares of the Common Stock of SAT, and SAT has agreed to issue to Company shareholders shares of the Common Stock of SAT in connection with such acquisition, upon the terms and conditions set forth in this Agreement.

**WHEREAS**, for United States Federal income tax purposes, it is intended that the Exchange (as defined below) will qualify as a business reorganization under Section 351(a) and 368, respectively, of the Code.

**WHEREAS**, following the Exchange (as defined below), SAT will acquire controlling interest in the Company in anticipation of a subsequent business combination/merger.

**NOW, THEREFORE**, in consideration of the mutual promises, covenants and agreements herein, and intending to be legally bound hereby, the parties agree as follows:

1. Exchange.

(a) In accordance with the Shareholder Approval, a majority of the Company Shareholders have agreed to the acquisition of controlling interest in the Company through the issuance of Seventy Five Million (75,000,000) shares of the Company Common Stock (“Company Shares”) to SAT in exchange for a maximum of Sixteen Million, Five Hundred Thirty Three Thousand, Five Hundred Fifty Seven (16,533,557) shares (no par value) of newly-issued SAT Common Stock (“SAT Shares”) to the current shareholders of the Company.

Each Shareholder will retain their current shares of Company Common Stock and receive one share of SAT Common stock on a pro-rata, one-for-one basis, for each currently held share of the Company Common Stock currently held in the individual amounts as set forth on Schedule A (such exchange referred to herein after as the “Exchange”) on the terms and subject to the conditions set forth in this Agreement, and at the Closing.

Issuances of shares of SAT Common Stock to current holders of Company Stock are limited to shareholders to whom the shares have been legally issued, fully-paid and non-assessable. In such instances as the Company Stock being acquired by any third party in exchange for services rendered, the services provided shall have been satisfactorily completed as determined in the sole discretion of the Company and its Corporate Counsel. Final determinations as to legal ownership of Company Stock are to be made exclusively by the Company and its Corporate Counsel.

Immediately after the exchange, SAT shareholders will possess 100 percent of the total voting power and the total value of the stock of SAT. Further, SAT will possess 81.9% percent of the total voting power and the total value of the stock of the Company

(b) Closing. The closing of the Exchange shall occur on or before September 30, 2019 (the "Closing") at the offices of Signal Advance Technologies, Inc., 2520 County Road 81, Rosharon, Texas 77583, at a time convenient to all parties, or at such other date, time and place or manner as may be mutually agreed upon by the parties.

## 2. Representations and Warranties.

(a) Representations and Warranties of the Company. The Company hereby represents and warrants to Shareholders and SAT, all of which are true, complete, and correct in all respects as of the date hereof and will be as of the Closing, as follows:

(i) Organization and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation.

(ii) Authorization; Consents or Approvals, No Restrictions. During the 2018 Annual Shareholders' meeting held on June 26, 2018, 71.7% (over 2/3's) of the Company's shareholders voted to authorize the board to transfer assets, liabilities, losses, etc. to a new private entity (SAT) in which current shareholders would acquire a pro-rata number of shares of the Common Stock of SAT. As such, the Company has full power and authority to enter into and perform its obligations under this Agreement.

This Agreement has been duly executed by the Company and constitutes the legal, valid, binding and enforceable obligation of the Company, enforceable against the Company in accordance with its terms. The execution and delivery of this Agreement and the consummation by the Company of the transactions contemplated herein do not and will not on the Closing:

(A) conflict with or violate any of the terms of the Articles of Incorporation and Bylaws of the Company or any applicable law relating to the Company,

(B) conflict with, or result in a breach of any of the terms of, or result in the acceleration of any indebtedness or obligations under, any material agreement, obligation or instrument by which the Company is bound or to which any property of the Company is subject, or constitute a default thereunder, other than those material agreements, obligations or instruments for which the Company has obtained consent for the transactions contemplated under this Agreement,

(C) result in the creation or imposition of any additional lien(s) on any of the assets of the Company,

(D) constitute an event permitting termination of any material agreement or instrument to which the Company is a party or by which any property or asset of the Company is bound or affected, pursuant to the terms of such agreement or instrument, other than those material agreements or instruments for which the Company has obtained consent for the transactions contemplated under this Agreement, or

(E) conflict with, or result in or constitute a default under or breach or violation of, or grounds for, termination of, any license, permit or other governmental authorization to which the Company is a party or by which the Company may be bound, or result in the violation by the Company of any laws to which the Company may be subject, which would materially adversely affect the transactions contemplated herein.

No authorization, consent or approval of, notice to, or filing with, any public body or governmental authority or any other person is necessary or required in connection with the execution, delivery nor performance of its obligations hereunder by the Company with the exception of FINRA notification of the anticipated Corporate Action.

(iii) Issuance of Shares. The Company Shares, issued under this agreement, have been duly authorized and, upon issuance in accordance with the terms hereof, shall be validly issued and free from all taxes, liens and charges with respect to the issue thereof. No securities of the Company are entitled to pre-emptive, cumulative or similar rights, and no person has any right of first refusal, pre-emptive right, right of participation, or any similar right to participate in the transactions contemplated by this Agreement. The issuance of the SAT Shares contemplated by this Agreement will not, immediately or with the passage of time;

(A) obligate SAT to issue common stock of SAT or other securities to any person, or

(B) result in a right of any holder of SAT securities to adjust the exercise, conversion, exchange or reset price of such securities.

(iv) Absence of Certain Changes or Events

Except as set forth in the periodic OTC Markets Reports, from the Company's most recent fiscal year end and/or quarter,

(A) The Company has conducted business only in ordinary course of business;

(B) there has not been any change in the assets, liabilities, financial condition or operating results of the Company, except changes in the ordinary course of business that have not caused, in the aggregate, a material adverse effect on the Company.

The Company has not taken any steps to seek protection pursuant to any law or statute relating to bankruptcy, insolvency, reorganization, receivership, liquidation or winding up, nor does the Company have any knowledge or reason to believe that any of their respective creditors intend to initiate involuntary bankruptcy proceedings or any actual knowledge of any fact which would reasonably lead a creditor to do so.

(v) Liabilities

Except as set forth in the OTC Markets Reports, from the Company's most recent fiscal year end and/or quarter, the Company has no Liability (and there is no action pending, or to the knowledge of the Company, threatened against the Company that would reasonably be expected to give rise to any Liability). The Company is not a guarantor or otherwise liable for any liability or obligation (including Indebtedness) of any other person. There are no financial or contractual obligations of the Company (including any obligations to issue capital stock or other securities) that must be executed after the Closing Date. With the exception of an office lease and an open Line of Credit with the Company's President, which will be assumed by SAT, all Liabilities of the Company shall have been paid off by, or prior to, the Closing and shall in no event remain Liabilities of the Company, or its Shareholders following the Closing.

(vi) Title to Assets

The Company does not own any real property. The Company has sufficient title to, or valid leasehold interests in, all of its properties and assets used in the conduct of its businesses. All such assets and properties, other than assets and properties in which the Company has leasehold interests, are free and clear of all liens. The Company was assigned Intellectual Property in its business as presently conducted and such access to the Intellectual Property shall be renegotiated with SAT under the license terms to those with the Company.

(b) Representations and Warranties of SAT. SAT hereby represents and warrants to Shareholders and the Company, all of which representations and warranties are true, complete, and correct in all respects as of the date hereof and will be as of the Closing, as follows:

(i) Organization and Qualification. SAT is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation.

(ii) Authorization; No Restrictions, Consents or Approvals. SAT has full power and authority to enter into and perform its obligations under this Agreement. This Agreement has been duly executed by SAT and constitutes the legal, valid, binding and enforceable obligation of SAT, enforceable against SAT in accordance with its terms. The execution and delivery of this Agreement and the consummation by SAT of the transactions contemplated herein (including the issuance of SAT Shares in exchange for the Company Assets, Liabilities and Losses) do not and will not on the Closing:

(A) conflict with or violate any of the terms of the Articles of Incorporation and Bylaws of SAT or any applicable law relating to SAT,

(B) conflict with, or result in a breach of any of the terms of, or result in the acceleration of any indebtedness or obligations under, any material agreement, obligation or instrument by which SAT is bound or to which any property of SAT is subject, or constitute a default thereunder, other than those material agreements, obligations or instruments for which SAT has obtained consent for the transactions contemplated under this Agreement,

(C) result in the creation or imposition of any additional liens on any of the assets of SAT,

(D) constitute an event permitting termination of any material agreement or instrument to which SAT is a party or by which any property or asset of SAT is bound or affected, pursuant to the terms of such agreement or instrument, other than those material agreements or instruments for which SAT has obtained consent for the transactions contemplated under this Agreement, or

(E) conflict with, or result in or constitute a default under or breach or violation of or grounds for termination of, any license, permit or other governmental authorization to which SAT is a party or by which SAT may be bound, or result in the violation by SAT of any laws to which SAT may be subject, which would materially adversely affect the transactions contemplated herein.

No authorization, consent or approval of, notice to, or filing with, any public body or governmental authority or any other person is necessary or required in connection with the execution and delivery by SAT of this Agreement or the performance by SAT of its obligations hereunder with the exception of FINRA notification or the anticipated Corporate Action.

(iii) Issuance of Shares. SAT Shares have been duly authorized and, upon issuance in accordance with the terms hereof, shall be validly issued and free from all taxes, liens and charges with respect to the issue thereof. SAT Shares issued one-for-one, based on each holder's current number of Company Shares that had been fully paid, or earned for services rendered to Company (as determined by Company Management/Counsel), shall be fully paid and non-assessable with the holder being entitled to all rights accorded to a holder of SAT Common stock.

(iv) Investment Representations.

(A) SAT represents that the SAT Shares are not registered under the Securities Act of 1933, as amended (the “Securities Act”) or any other applicable securities laws, including those under the Texas Securities Act & Administrative Code. SAT represents that the SAT Shares are being offered pursuant to an exemption from the registration requirements of the Securities Act, under Section 4(2) and/or Regulation D of the Securities Act, and/or the Texas Securities Act & Administrative Code, Section 5. SAT acknowledges that the Shareholders will rely on SAT representations, warranties and certifications set forth below for purposes of determining SAT suitability as an investor in the Company Shares and for purposes of confirming the availability of the Section 4(2) and/or Regulation D exemption from the registration requirements of the Securities Act, and Section 5 of the Texas Securities Act & Administrative Code.

(B) SAT has received all the information it considers necessary or appropriate for deciding whether to acquire the Company Assets, Liabilities and Losses and understands the risks involved in this investment. SAT further represents that it, through its authorized representatives, has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the business, properties, prospects, and financial condition of the Company and to obtain such additional information (to the extent the Company, its Officers, Directors, or representatives possessed such information or could acquire it without unreasonable effort or expense) necessary to verify the accuracy of any information furnished to SAT or to which SAT had access.

(C) SAT represents that SAT Shares are being offered for each shareholder’s its own account for investment only and not with a view towards their resale or “distribution” (within the meaning of the Securities Act) of any part of the Company Shares.

(D) SAT represents that SAT Shares may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act and any other applicable securities laws or pursuant to an exemption therefrom, and in each case in compliance with the conditions set forth in this Agreement. SAT represents that the SAT Shares may not be sold pursuant to Rule 144 adopted under the Securities Act unless certain conditions are met and until SAT Shares have been held for the applicable holding period under Rule 144.

(E) SAT represents that, certificates representing the SAT Shares, or notification of registration in the holder’s name, shall be in uncertificated book-entry form on the books of the Corporation evidencing SAT Shares, may bear a restrictive legend substantially in the following form:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”), OR THE SECURITIES LAWS OF ANY STATE. THE SECURITIES MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS.”

(v) No Reliance. SAT has not relied on and is not relying on any representations, warranties or other assurances regarding the Company other than the representations and warranties expressly set forth in this Agreement.

3. Closing.

(a) Conditions to the Parties’ Obligations. The obligations of the Parties under this Agreement shall be subject to satisfaction of the following conditions, unless waived by Shareholders:

(i) the Company and SAT shall have performed in all material respects all agreements, and satisfied, in all material respects, all conditions on its part to be performed or satisfied hereunder, at or prior to the Closing;

(ii) all of the representations and warranties of the Company and SAT herein shall have been true and correct in all respects when made, shall have continued to have been true and correct in all respects at all times subsequent thereto, and shall be true and correct in all material respects on and as of the Closing as though made on, as of, and with reference to such Closing;

(iii) the Company and SAT shall have executed and delivered to Shareholders all documents necessary to issue SAT Common Stock to Shareholders, as contemplated by this Agreement within sixty (60) days of the Closing Date; and

(iv) the Company and SAT shall have obtained or made, as applicable, all consents, authorizations and approvals from, and all declarations, filings and registrations required to consummate the transactions contemplated by this Agreement, including all items required under the incorporation document and bylaws of the Company and SAT, respectively.

(b) Conditions to SAT’s Obligations. The obligations of SAT under this Agreement, (including, without limitation, the obligation to issue SAT Shares in exchange for the transfer by the Company of its Assets, Liabilities and Losses) shall be subject to satisfaction of the following conditions, unless waived by SAT:

(i) the Company shall have performed in all respects all agreements, and satisfied in all respects all conditions on their part to be performed or satisfied hereunder, at or prior to the Closing;

(ii) all of the representations and warranties of the Company herein shall have been true and correct in all material respects when made, shall have continued to have been true and correct in all material respects at all times subsequent thereto, and shall be true and correct in all material respects on and as of the Closing as though made on, as of, and with reference to such Closing;

(iii) the Company shall have executed and delivered to SAT all documents necessary to transfer the Company Assets, Liabilities and Losses to SAT, as contemplated by this Agreement;

(iv) the Company shall have obtained or made, as applicable, all consents, authorizations and approvals from, and all declarations, filings and registrations required to consummate the transactions contemplated by this Agreement, including all items required under the Articles of Incorporation and Bylaws of the Company and SAT, respectively.

(c) Documents:

(i) On request, the Company shall deliver to Shareholders and SAT, in form and substance reasonably satisfactory to Shareholders and SAT, a certificate executed on behalf of the Company by the Secretary of the Company certifying the truth and correctness of the representations and warranties set forth in Section 2(b); and

(ii) Following receipt of the documents listed in Section 3(c)(i), SAT shall deliver to Shareholders, in form and substance reasonably satisfactory to Shareholders,

(A) Notification of registration in the holder's name in uncertificated book-entry form on the books of the Corporation evidencing SAT Shares held in the name of Shareholders, within sixty (60) days, and

(B) On request, copies of resolutions adopted by the board of directors of SAT and certified by the Secretary of SAT authorizing the execution and delivery of, and performance of SAT's obligations under, this Agreement.

4. Survival of Representations and Warranties.

None of the representations, warranties and covenants of the Company or SAT hereto contained in this Agreement shall survive the Closing, except that the representations and warranties contained in Section 2(a)(i), Section 2(a)(ii), Section 2(a)(iii), Section 2(b)(i), Section 2(b)(ii) and Section 2(c)(iii) shall survive until the latest date permitted by applicable law. Except as specifically set forth in the preceding sentence, no other representation, warranty or covenant of any party set forth in this Agreement will survive the Closing, and no party will have any rights or remedies after the Closing with respect to any misrepresentation of or inaccuracy in any such representation, warranty or covenant.

5. Public Announcements

The Company shall promptly, but no later than four (4) business days following the Closing of this Agreement, file a current report with OTC Markets describing the material terms of the transactions contemplated hereby as soon as practicable following the Closing Date. Prior to the Closing Date, the Parties shall consult with each other in issuing the OTC Markets current report, any press release or otherwise making public statements or filings and other communications with any regulatory agency or stock market or trading facility with respect to the transactions contemplated hereby and no Party shall issue any such public release or otherwise make any such public statement, filings or other communications without the prior written consent of the other Parties, which consent shall not be unreasonably withheld or delayed, except that no prior consent shall be required if such disclosure is required by Law, in which case the disclosing Party shall provide the other Parties with prior notice of no less than three (3) calendar days, of such public statement, filing or other communication and shall incorporate into such public statement, filing or other communication the reasonable comments of the other Parties.

6. Section 368 Reorganization

For U.S. federal income Tax purposes, the Exchange is intended to constitute a "reorganization" within the meaning of Section 368(a)(1)(B) of the Code. The Parties hereby adopt this Exchange agreement as a "plan of reorganization" within the meaning of Section 368(a)(1)(B) of the Treasury Regulations. Notwithstanding the foregoing or anything else to the contrary contained in this agreement, the Parties acknowledge and agree that no Party is making any representation or warranty as to the qualification of the Exchange as a reorganization under Section 368 of the Code or as to the effect, if any, that any transaction consummated prior to or after the Closing Date has or may have on any such reorganization status. The Parties acknowledge and agree that each:

(a) has had the opportunity to obtain independent legal and tax advice with respect to the transaction contemplated by this Agreement, and

(b) is responsible for paying its own Taxes, including without limitation, any adverse Tax consequences that may result if the transaction contemplated by this Agreement is not determined to qualify as a reorganization under Section 368 of the Code.

#### 7. Section 351(a) Exchange

For U.S. federal income Tax purposes, Section 351(a) provides that no gain or loss shall be recognized if property is transferred to a corporation by one or more persons solely in exchange for stock in such corporation and immediately after the exchange such person or persons are in control (as defined in Section 368(c)) of the corporation.

Section 368(c) defines control to mean the ownership of stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote and at least 80 percent of the total number of shares of all other classes of stock of the corporation.

Section 351-1(a)(1) of the Income Tax Regulations provides that the phrase “immediately after the exchange” does not necessarily require simultaneous exchanges by two or more persons, but comprehends a situation where the rights of the parties have been previously defined and the execution of the agreement proceeds with an expedition consistent with orderly procedure.

It is the intent of the parties hereto that the Exchange qualify as an exchange described in Section 351 of the Code. Each of the parties shall use their respective reasonable best efforts to cause the Exchange to qualify as an exchange within the meaning of Section 351(a) of the Code, and will not take, or will not agree to take, any action that would prevent the Exchange from qualifying as such an exchange.

Unless otherwise required pursuant to a “determination” within the meaning of Section 1313(a) of the Code, each of the parties shall report the Exchange, for U.S. federal income tax purposes, as an exchange within the meaning of Section 351(a) of the Code.

#### 8. Organizational Documents

SAT has delivered or made available to the Company a true and correct copy of the Articles of Incorporation, Bylaws and any other organizational documents of SAT, each as amended, and each such instrument is in full force and effect. SAT is not in violation of any of the provisions of the SAT organizational documents.

#### 9. General Provisions.

(a) Releases and Waivers. The Company hereby acknowledges and agrees that the number of the Company Shares set forth on Schedule A represents the total number and type of the Company Shares held by such Shareholder as of the date of this Agreement and as of the Effective date of the is agreement per the records the Company’s Transfer Agent, Nevada Agency and Transfer Company. The Company hereby releases SAT from all obligations, liabilities and causes of action arising before, on or after the date of this Agreement, out of, or in relation to, any entitlement which such Shareholder may have with respect to any of the Company Shares in excess of the number of the Company Shares set forth on Schedule A.

Except for SAT Common Stock to be issued under the terms of the Exchange agreement, the Company hereby generally, irrevocably, unconditionally and completely waives any and all rights to receive any anti-dilution protection to which the Company or any of its Shareholder may be entitled under the Articles of Incorporation, Bylaws or other organizational documents of the Company or under any other agreement or instrument in connection with the Exchange and warrants that that there are no additional rights existing as of the date hereof to receive options, depository receipts, warrants, stock appreciation or similar rights to acquire or receive securities in the Company.

(b) Governing Law. This Agreement is to be construed in accordance with and governed by the laws of the State of Texas without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the laws of the State of Texas to the rights and duties of the parties.

(c) Arbitration. Any claim, dispute or controversy among the parties arising out of or relating to this Agreement, including the breach thereof, which cannot be satisfactorily settled by the parties, will be finally and exclusively settled by confidential and binding arbitration (“Arbitration”) upon the written request of any party. The Arbitration shall be administered by the Judicial Arbitration and Mediation Service (“JAMS”) in accordance with its Commercial Arbitration Rules (the “Rules”). The Arbitration will be conducted by one arbitrator selected in accordance with the Rules. The place of the Arbitration shall be Houston, Texas. The Arbitration will be conducted in English. The Arbitration award will be final and binding upon the parties, and judgment upon such award may be entered in any court having jurisdiction thereof.

(d) Severability. If any provision of this Agreement is held by a court or other tribunal of competent jurisdiction to be invalid or unenforceable for any reason, the remaining provisions shall continue in full force and effect without being impaired or invalidated in any way, and the parties agree to replace any invalid provision with a valid provision which most closely approximates the intent and economic effect of the invalid provision.

(e) Waiver of Breach or Default. The waiver by either party of a breach of or default under any provision of this Agreement shall not be effective unless in writing and shall not be construed as a waiver of any subsequent breach of or default under the same or any other provision of this Agreement. Further, any failure or delay on the part of either party to exercise or avail itself of any right or remedy that it has or may have hereunder shall not operate as a waiver of any such right or remedy or preclude other or further exercise thereof or of any other right or remedy.

(f) Notices. Any notices required or permitted hereunder shall be given to the appropriate party at the address specified below or at such other address as the party may specify in writing. Such notice shall be deemed given:

- (i) if delivered personally, upon delivery as evidenced by delivery records;
- (ii) if sent by telephone facsimile, upon confirmation of receipt;
- (iii) if sent by certified or registered mail, postage prepaid, five (5) days after the date of mailing; of
- (iv) if sent by nationally recognized express courier, two (2) business days after date of placement with such courier.

The Company: Signal Advance, Inc.	SAT: Signal Advance Technologies, Inc.
2520 County Road 81	2520 County Road 81
Rosharon, Texas 77583	Rosharon, Texas 77583

(g) No Third Party Beneficiaries. Nothing in this Agreement shall be construed to confer any rights or benefits upon any person other than the parties hereto, and no other person shall have any rights or remedies hereunder.

(h) Termination. This Agreement may be terminated upon written notice at any time prior to Closing by mutual written consent of the parties. Termination of this Agreement will terminate all rights and obligations of the parties under this Agreement and this Agreement will become void and have no force or effect.

(i) Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes all prior oral and written agreements between the parties hereto with respect to the subject matter hereof.

(j) Counterparts. This Agreement may be executed in one or more counterparts (including fax counterparts) each of which shall be deemed an original and all of which shall be taken together and deemed to be one instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the effective date below.

Signal Advance, Inc. (the Company)  
By: Malcolm Skolnick  
Malcolm Skolnick, Corporate Secretary

Signal Advance Technologies, Inc. (SAT)  
By: Chris M. Hymel  
Chris M. Hymel President

Effective Date: September 9, 2019

#### ADDENDUM A

Pursuant to the Share Exchange Agreement between Signal Advance, Inc. and Signal Advance Technologies, Inc., Section 1 (Exchange), Subsection (b) (Closing):

The closing date for the Exchange has been revised to occur on October 22, 2019.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the effective date below.

Signal Advance, Inc. (the Company)  
By: Malcolm Skolnick  
Malcolm Skolnick, Corporate Secretary

Signal Advance Technologies, Inc. (SAT)  
By: Chris M. Hymel  
Chris M. Hymel President

Effective Date: October 21, 2019