

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
Website: signaladvance.com
Email: info@signaladvance.com
SIC Codes: 8731, 8711

CURRENT REPORT

Registrant's Business and Operations

Entry into a Materially Definitive Agreement

At the 2020 Annual Shareholders' Meeting, Management was authorized to enter a Merger agreement by and between Signal Advance, Inc. (SA) and Signal Advance Technologies, Inc. (SAT) as part of a continuing reorganization plan. The SA shareholders currently possessed 84.74% of the total voting power and total value of the Common Stock of SAT.

On July 13, 2020, the Boards of Directors of both Companies met and executed the merger agreement. Under the terms of the merger agreement, the current shareholders of SAT will receive pro-rata equity in the public merger survivor, SA, by means of the exchange of shares of the Common Stock of SAT on a one-for-one basis for shares of SA Common Stock. All assets, including intangible assets (such as intellectual property), licenses, and liabilities will be transferred to the merger survivor, Signal Advance, Inc.

Per the terms of the proposed Merger agreement:

1. Current holders of the Common Stock of SAT will receive one share of SA Common Stock in exchange for each share of the SAT Common Stock held; and
2. SAT will relinquish 75,000,000 shares of SA Common Stock held in the name of SAT through a transfer of the shares to SA treasury.
3. immediately following the closing of the Merger, the SA Shareholders will possess 91.67% percent of the total voting power and the total value of the stock of SA and no shareholders will experience a dilution of greater than 50%.

As such, management believes that the merger will result in no gain or loss nor any change in ownership/control thus alleviating any tax consequences for SA and SAT shareholders (per IRC 355, 368). However, this should not be considered tax advice; shareholders are strongly advised to consult their tax advisors regarding any tax consequences resulting from this transaction.

SA will not issue physical certificates representing the shares of the Common Stock. Rather, the registration of shares in shareholders' names shall be in "uncertificated" (book-entry only) form evidencing the share issuances in the records of our transfer agent, Nevada Agency and Transfer Company.

Copies of the executed merger agreement and the Certificate of Merger issued by the Texas Secretary of State are attached (see Exhibits A and B, respectively). Management believes that the merger is in the best interest of the shareholders.

2020 Annual Shareholders' Meeting.

On July 13, 2020, the Company held its Annual Shareholders' meeting virtually. 95.93% of the total shares issued and outstanding were represented by proxy or by attendance. The minutes of the meeting are attached (See Exhibit B).

EXHIBITS

Exhibit A: Merger Agreement by and between Signal Advance, Inc. and Signal Advance Technologies, Inc.

Exhibit B: Certificate of Merger (Signal Advance Technologies, Inc. into Signal Advance, Inc.).

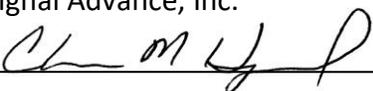
Exhibit C: Minutes of the 2020 Signal Advance, Inc. Shareholders' Meeting held on July 13, 2020.

SIGNATURE

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

Dated: July 17, 2020

Signal Advance, Inc.

A handwritten signature in black ink, appearing to read "Chris M. Hymel", is written over a horizontal line.

By: Chris M. Hymel, President/CEO

EXHIBIT A:

MERGER AGREEMENT

by and between

SIGNAL ADVANCE, INC. and SIGNAL ADVANCE TECHNOLOGIES, INC.

THIS MERGER AGREEMENT (the "Merger") is entered into as of the Closing date (provided herein below) between Signal Advance, Inc., a Texas corporation ("SA"), and Signal Advance Technologies, Inc. a Texas Corporation ("SAT"), collectively referred to as the "Parties". SA is a majority-owned (82%) subsidiary of the parent company SAT. Current shareholders of Signal Advance, Inc. are referred to as "SA Shareholder(s)" and current shareholders of Signal Advance Technologies, Inc. are referred to as "SAT Shareholder(s)".

RECITALS

WHEREAS, each Shareholder currently owns shares of common stock of SA and SAT as detailed on Schedule A hereto.

WHEREAS, The Merger is undertaken for the purpose of reorganizing the Company merging the SAT with SA.

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

WHEREAS, the SAT Shareholders have agreed to accept shares of the Common Stock of SA in exchange for shares of Common Stock of SAT, and, SA has agreed to issue to SAT 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 Merger (as defined below) will qualify as a business reorganization under Section 351(a) and 368, respectively, of the Code.

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. Merger.

(a) In accordance with the Shareholder Approvals, over 2/3's (66.6%) of the SA and SAT Shareholders have agreed to a Merger between of SA and SAT. Under the terms of the agreement, current SA shareholders retain their shares of SA Common Stock ("SA Shares") and, in addition, are issued one share of SA Common stock on a pro-rata, one-for-one basis, one additional SA share in exchange for each share of the SAT 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. In addition, SAT will transfer Seventy-Five Million (75,000,000) shares of SA Common Stock held by SAT to SA Treasury.

Currently, the SA shareholders hold 84.74% of the total voting power and total value of the stock of SAT. Immediately after closing of the Merger, the registered SA Shareholders (prior to the closing), will hold 91.67% percent of the total voting power and the total value of the stock of SA following the closing.

Issuances of shares of SA Common Stock to current holders of SAT Common Stock are limited to shareholders to whom the shares have been legally issued, fully-paid and non-assessable. In such instances as the SAT Common 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 SAT and its Corporate Counsel. Final determinations as to legal ownership of SAT Common Stock are to be made exclusively by the SAT and its Corporate Counsel.

(b) Closing. The closing of the Merger is tentatively scheduled to occur on or before September 30, 2020 (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 Signal Advance, Inc. SA 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. Signal Advance, Inc. 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 SA 2020 Annual Shareholders' meeting held on July 13, 2020, over 66.6% (2/3's) of the SA's shareholders voted to authorize the board of directors to proceed to merge SA (the public company) and SAT (the private company) into a single public company giving the SA Board full power and authority to enter into and perform its obligations under this Agreement.

This Agreement has been duly executed by the SA and constitutes the legal, valid, binding and enforceable obligation of SA, enforceable against SA in accordance with its terms. The execution and delivery of this Agreement and the consummation by SA 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 SA (that are identical to those of SAT) or any applicable law relating to the SA.

(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 SA is bound or to which any property of SA is subject, or constitute a default thereunder, other than those material agreements, obligations or instruments for which SA 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 SA,

(D) constitute an event permitting termination of any material agreement or instrument to which SA is a party or by which any property or asset of SA is bound or affected, pursuant to the terms of such agreement or instrument, other than those material agreements or instruments for which SA 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 SA is a party or by which SA may be bound, or result in the violation by SA of any laws to which SA 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 SA 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 SA 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 SA Shares contemplated by this Agreement will not, immediately or with the passage of time;

(A) obligate SA to issue SA Shares or other securities to any person, or

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

(iv) SA represents that the notification of issuance and registration of the shares of SA Shares in the holder's names, shall be in "uncertificated" book-entry form on the books of the Corporation evidencing the SA share issuances. The SA Share notifications will include 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) 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) SA 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 SA, except changes in the ordinary course of business that have not caused, in the aggregate, a material adverse effect on SA.

SA 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 SA 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, SA has no Liability (and there is no action pending, or to the knowledge of SA management, threatened against the SA that would reasonably be expected to give rise to any Liability). SA is not a guarantor or otherwise liable for any liability or obligation (including Indebtedness) of any other person. Currently, the following agreements have been executed by the two Companies: 1) Office Lease, 2) Unsecured Open Line of Credit, 3) Intellectual Property License and 4) Executive Consulting agreements with Dr. Hymel and a short-term (PPP Loan) loan agreement with Frost Bank. These agreements will remain in force following the Merger.

There are no additional financial or contractual obligations of SA (including any obligations to issue capital stock or other securities) that must be executed after the Closing Date. With the exception of the obligations listed, all Liabilities of the Company shall have been paid off by, or prior to, the Closing and shall in no event remain Liabilities of SA, or its Shareholders following the Closing.

(vi) Title to Assets

SA does not own any real property and has sufficient title to, or valid license and/or 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 SA has leasehold interests, are free and clear of all liens. SA shall assume the obligations of currently held Intellectual Property license and consulting agreements, for use in its business as presently conducted and related parties have agreed to operate under the agreements executed with SAT under the current agreement terms with SA.

(b) **Representations and Warranties of SAT.** SAT hereby represents and warrants to Shareholders and SA, 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. During the SAT 2020 Annual Shareholders' meeting held on July 13, 2020, over 66.6% (2/3's) of the SAT's shareholders voted to authorize the board of directors to proceed to merge SA (the public company) and SAT (the private company) into a single public company giving the SAT Board full power and authority to enter into and perform its obligations under this Agreement.

SAT has full power and authority to enter into and perform its obligations under this Agreement. This Agreement, duly executed by SAT, 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 transfer to SA of SAT Assets, Liabilities, and Losses as well as consulting and license agreements) 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) Transfer of SA Shares. Seventy-Five Million (75,000,000) shares of SA Common Stock, currently held by SAT, will be transferred to SA Treasury. These shares were duly authorized and validly issued and free from all taxes, liens and charges with respect to the issue thereof.

(iv) Investment Representations. SAT has received all the information it considers necessary or appropriate for deciding whether to execute this agreement and transfer SAT Assets, Liabilities and Losses as well as the license and consulting agreements and understands the risks involved in this transaction. SAT further represents that it, through its authorized representatives, has had an opportunity to ask questions and receive answers from SA regarding the terms and conditions of the offering of the business, properties, prospects, and financial condition of SA and to obtain such additional information (to the extent SA, 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.

(v) No Reliance. SAT has not relied on and is not relying on any representations, warranties or other assurances regarding SA 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) SA 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 SA 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) SA and SAT shall have executed and delivered to SA all documents necessary to A) issue SA Shares to current SAT shareholders, and B) transfer 75,000,000 SA shares held by SAT to SA Treasury, as contemplated by this Agreement within sixty (60) days of the Closing Date; and

(iv) SA 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 SA and SAT, respectively.

(b) Conditions to SAT's Obligations. The obligations of SAT under this Agreement, (including, without limitation, the obligation to transfer SA Shares to SA shall be subject to satisfaction of the following conditions, unless waived by SAT:

(i) SA 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 SA 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) SA shall have executed and delivered to SAT all documents necessary to transfer SAT Assets, Liabilities and Losses as well as license and consulting agreements to SA, as contemplated by this Agreement;

(iv) SA 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 SA and SAT, respectively.

(c) Documents:

(i) On request, SAT shall deliver to Shareholders and SA, in form and substance reasonably satisfactory to Shareholders and SA, a certificate executed on behalf of SAT 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), SA shall deliver to Shareholders, in form and substance reasonably satisfactory to Shareholders, on request, copies of resolutions adopted by the board of directors of SA and certified by the Secretary of SA authorizing the execution and delivery of, and performance of SA's obligations under, this Agreement. within sixty (60) days.

4. Survival of Representations and Warranties.

None of the representations, warranties and covenants of SA 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

SA 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 Party, 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 Party

6. Section 368 Reorganization

For U.S. federal income Tax purposes, the Merger is intended to constitute a "reorganization" within the meaning of Section 368(a)(1)(B) of the Code. The Parties hereby adopt this Merger 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 Merger 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 Merger 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 Merger 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 Merger 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 Merger, for U.S. federal income tax purposes, as an exchange within the meaning of Section 351(a) of the Code.

8. Organizational Documents

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

9. General Provisions.

(a) Releases and Waivers. SAT hereby acknowledges and agrees that the number of the Company Shares set forth on Schedule A represents the total number SAT Shares held by each Shareholder as of the Effective date of this agreement per the SA’s company records. SAT hereby releases SA 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 SAT Shares in excess of the number of the SA Shares set forth on Schedule A.

Except for SA Shares to be issued under the terms of the Merger agreement, SAT hereby generally, irrevocably, unconditionally and completely waives any and all rights to receive any anti-dilution protection to which the SA or any of its Shareholders may be entitled under the Articles of Incorporation, Bylaws or other organizational documents of SAT or under any other agreement or instrument in connection with the Merger and warrants 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 SAT.

(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. (SA)

Signal Advance Technologies, Inc. (SAT)

By: Malcolm Skolnick
Malcolm Skolnick, Corporate Secretary

By: Chris M. Hymel
Chris M. Hymel, CEO

Effective Date: July 13, 2020

SCHEDULE A - Omitted to preserve shareholder privacy

EXHIBIT B:

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697



Ruth R. Hughs
Secretary of State

Office of the Secretary of State

CERTIFICATE OF MERGER

The undersigned, as Secretary of State of Texas, hereby certifies that a filing instrument merging

Signal Advance Technologies, Inc.
Domestic For-Profit Corporation
[File Number: 803256527]

Into

SIGNAL ADVANCE, INC.
Domestic For-Profit Corporation
[File Number: 123355400]

has been received in this office and has been found to conform to law.

Accordingly, the undersigned, as Secretary of State, and by the virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing the acceptance and filing of the merger on the date shown below.

Dated: 07/06/2020

Effective: 07/15/2020



A handwritten signature in black ink, appearing to read "Ruth R. Hughs".

Ruth R. Hughs
Secretary of State

EXHIBIT C:

SIGNAL ADVANCE, INC.
2020 ANNUAL SHAREHOLDERS' MEETING MINUTES
13 JULY 2020

The meeting is called to order at 10:01 AM.

Officers/Directors in Attendance: Chris Hymel, Richard Seltzer, Ron Stubbers, Malcolm Skolnick.

Reading of the Minutes of the previous annual shareholders' meeting was waived by majority vote.

Dr. Hymel presided as the Chairman of the Meeting and introduced the directors/officers in attendance.

Mr. Seltzer was appointed Secretary of the Meeting

Dr. Hymel was appointed as Inspector of Elections for the Meeting.

Attestation was made as to the delivery, to the email or mailing addresses of record, commencing on or about June 18, 2020, of the following materials relating to this Annual Meeting to all stockholders of record of common stock of the Company as of the close of business on the Record Date - incorporated herein by reference. The following items establishing such notice are to be filed with the Company's corporate records:

- 1) A list of the holders of Common Stock of the Company as of the close of business on the Record Date of June 15, 2020 provided by Nevada Agency and Transfer Company, the Company's transfer agent;
- 2) Notification of the 2020 Meeting dated June 15, 2020 including a Company update.
- 3) The Company's Proxy for all holders of record of common stock of the Company as of the close of business on the Record Date;
- 4) Minutes of the 2019 Annual Shareholders' Meeting;
- 5) A Final draft of the Merger Agreement between Signal Advance, Inc. and Signal Advance Technologies, Inc.

Dr. Hymel confirmed that properly executed proxies, received timely, were examined and, in conjunction with the shares represented by attendees, a total of 87,981,307 shares of the Company's common stock (95.93% of a total of 91,716,057 issued and outstanding shares) were represented at the Meeting, constituting a quorum.

The order of business for the Meeting:

- 1) To elect four Directors to serve for the coming year & until successors are elected.
- 2) To ratify all proceedings of the corporation and actions of the Officers since the last shareholders' Meeting.
- 3) To approve minutes of previous annual shareholders' meeting.
- 4) To authorize the Board to execute a Merger agreement by and between Signal Advance, Inc. and Signal Advance Technologies, Inc.

The proposals and the voting standards for approval of the proposals were presented as follows:

For Proposal 1, the election of Directors, the four persons receiving the greatest numbers of votes would be elected Directors of the Company.

For Proposal 2, ratification of Corporation actions, would be adopted if approved by the affirmative vote of a majority (>50%) of the shares of the Company's stock represented and voting at the Meeting.

For Proposal 3, previous Annual shareholders' Meeting minutes would be approved by the affirmative vote of a majority (>50%) of the shares of the Company's stock represented and voting at the Meeting.

For Proposal 4, the State of Texas requires an affirmative vote of a minimum of 2/3's of the total shares outstanding to proceed with such a Corporate Action – thus Proposal 4 would be adopted if approved by the affirmative vote of at least 2/3's (>66.7%) of the shares of the Company's stock represented and voting at the Meeting.

The polls were then declared open.

Meeting was opened for discussion of the proposals followed by voting.

Polls closed following discussion and voting.

Dr. Hymel summarized the Company's current state, capital funding for continuing operations, the Company reorganization/merger, the relationship with the majority-owned subsidiary, PIC Pocket, LLC (to develop defense applications), Analog Guard subsidiary (to develop analog encryption), the near and far-term challenges and progress made since the previous shareholders' meeting. Discussions included the following:

- 1) An update on Company office repairs – move-in this summer.
- 2) The Neural Training (NT) project – on hold for the near-term to pursue other opportunities.
- 3) The previous share exchange agreement and Company reorganization. Discussion included the issuance of shares in the new parent company Signal Advance Technologies, Inc. (SAT) to existing shareholders. Immediately following the transaction resulting in the shareholders of Signal Advance, Inc. (SA) owning 100% of SAT equity and exercise 100% of the voting control while retaining their current equity in SA. In exchange, SAT acquired just over 80% (75M shares) of the equity of SA. Dr. Hymel also discussed the protracted FINRA review that delayed the transaction closing, public announcement of the exchange agreement, stock issuances as well as the correction of the record date.
- 4) Reorganization tax considerations. Dr. Hymel reviewed the applicable Internal Revenue Code as it relates to the consolidation of the financial reports of the subsidiary (SA) and the parent (SAT).
- 5) Defense application for SA technology. As early as 4th quarter, current commitments will end and the PIC principal anticipates beginning to investigate the use of SA technology for defense application. PIC principal has significant contacts and experience with several DOD groups. Although revenues generated through the PIC subsidiary will be reported in the Company's post-merger consolidated financials, the funds will stay in the subsidiary - earmarked for defense application development.
- 6) Cyber-security application for SA technology. The Company has setup a new corporation as a wholly-owned subsidiary to development analog encryption technology for enhanced cyber-security protection. This means of encryption is based in the integration of multiple simultaneous modulation methodologies including a method termed "temporal modulation" that exploits our proprietary SA technology. Non-disclosure, non-compete and non-circumvention agreements have been executed. A Private Placement Memorandum (PPM) is being finalized to seek \$10M in capital to pursue the development of the analog encryption technology.
- 7) Merger agreement. Per the terms of the Merger agreement, the contractual obligations/liabilities and assets of Signal Advance Technologies, Inc. (SAT) transfer to the merger survivor, Signal Advance, Inc. the public entity. These include the consulting (Dr. Hymel) and intellectual property (IP) license agreements as well as the patents, trademarks, etc. SA will subsequently sub-license the intellectual property to PIC and Analog Guard. In addition, the merger resulted in no SA shareholder experiencing

greater than 50% dilution. In addition, Signal Advance Technologies, Inc. will relinquish the 75M shares of the Common Stock of Signal Advance, Inc. (acquired to the 2019 Share Exchange Agreement) by the transfer of the shares to Signal Advance, Inc. Treasury.

- 8) Intellectual Property. Dr. Hymel provided an update regarding the Company’s patent portfolio. Recall that the India patent office granted a patent on SA technology in 2019. To date, patents have been granted in the U.S. China, Mexico, India and Europe. In Europe, the patent was validated in the United Kingdom, France, Germany, Ireland, Italy, Spain, Switzerland & Liechtenstein. In addition, a trademark application for the term “ANALOG GUARD” has been submitted to the USPTO.

The meeting opened again for general questions and comments.

Set forth below are the matters acted upon by the shareholders at the Annual Meeting, and the final voting results of each proposed resolution.

1. Election of Directors

The shareholders elected four directors to serve as directors.

The results of the vote were as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Chris Hymel	87,981,307	-0-	-0-
Richard Seltzer	87,703,807	-0-	277,500
Ron Stubbers	87,703,807	-0-	277,500
Malcolm Skolnick	87,703,807	-0-	277,500

2. To approve the minutes of the previous annual shareholders meeting

The results of the vote were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>
87,981,307	-0-	-0-

3. To ratify all proceedings of the corporation and actions of the Officers since the last shareholders' Meeting

The results of the vote were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>
87,981,307	-0-	-0-

4. To authorize the board to execute a merger agreement between Signal Advance Technologies, Inc. and Signal Advance, Inc.

The results of the vote were as follows:

<u>For</u>	<u>Against</u>	<u>Abstain</u>
87,981,307	-0-	-0-

Note: The 87,981,307 votes for resolution 4, regarding the execution of a merger between Signal Advance Technologies, Inc. and Signal Advance, Inc., represents 95.93% of the total issued and outstanding shares of the Company. In the State of Texas, a 2/3's (66.7%) vote is required for such corporate actions.

The shareholder’s meeting was adjourned at 10:28 AM.

A Meeting of the Board of Directors was called immediately thereafter to appoint officers.

The results are as follows:

Dr. Hymel was appointed President/Treasurer and CEO

Mr. Seltzer was appointed Secretary.

Mr. Stubbers was appointed Vice-President

Respectfully submitted



Richard C. Seltzer, Secretary

July 15, 2020