

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Mobiquity Technologies, Inc.

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U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): June 15, 2012 (June 12, 2012)

Ace Marketing & Promotions, Inc.
(Exact name of registrant as specified in its charter)

New York
(State or jurisdiction of incorporation or organization)

000-51160
(Commission File Number)

11-3427886
(I.R.S. Employer Identification Number)

600 Old Country Road, Suite 541, Garden City, NY 11530
(Address of principal executive offices (Zip Code))

Registrant's telephone number: (516) 256-7766

457 Rockaway Avenue, Valley Stream, NY 11582
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ~~Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))~~

Item 1.01 Entry into a Material Definitive Agreement.

On June 12, 2012, Ace Marketing & Promotions, Inc. (the "Company") finalized a committed equity facility (the "Equity Facility") with TCA Global Credit Master Fund, LP, a Cayman Islands limited partnership ("TCA"), whereby the parties entered into as of May 31, 2012 (i) a committed equity facility agreement (the "Equity Agreement") and (ii) a registration rights agreement (the "Registration Rights Agreement").

Committed Equity Facility Agreement

On June 12, 2012, the Company finalized a Equity Agreement with TCA. Pursuant to the terms of the Equity Agreement, for a period of twenty-four months commencing on the effective date of the Registration Statement (as defined herein), TCA shall commit to purchase up to \$2,000,000 of the Company's common stock (the "Shares"), pursuant to Advances (as defined below), covering the Registrable Securities (as defined below). The purchase price of the Shares under the Equity Agreement is equal to ninety-five percent (95%) of the lowest daily volume weighted average price of the Company's common stock during the five (5) consecutive trading days after the Company delivers to TCA an Advance notice in writing requiring TCA to advance funds (an "Advance") to the Company, subject to the terms of the Equity Agreement.

The "Registrable Securities" include (i) the Shares; and (ii) any securities issued or issuable with respect to the Shares by way of exchange, stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise.

As further consideration for TCA entering into and structuring the Equity Facility, the Company shall pay to TCA a fee by issuing to TCA that number of shares of the Company's common stock that equal a dollar amount of one hundred thousand dollars (\$100,000) (the "Facility Fee Shares"). It is the intention of the Company and TCA that the value of the Facility Fee Shares shall equal \$100,000. In the event the value of the Facility Fee Shares issued to TCA does not equal \$100,000 after a ninth month evaluation date, the Equity Agreement provides for an adjustment provision allowing for necessary action to adjust the number of shares issued.

Registration Rights Agreement

On June 12, 2012, the Company finalized the Registration Rights Agreement with TCA. Pursuant to the terms of the Registration Rights Agreement, the Company is obligated to file a registration statement (the "Registration Statement") with the U.S. Securities and Exchange Commission (the "SEC") to cover the Registrable Securities by July 27, 2012. The Company must use its commercially reasonable efforts to cause the Registration Statement to be declared effective by the SEC by a date that is no later than October 10, 2012.

The above descriptions of the Equity Agreement and Registration Rights Agreement do not purport to be complete and are qualified in their entirety by the full text of the document themselves.

Item 3.02 Unregistered Sales of Equity Securities

In addition, the Company is relying on an exemption from the registration requirements of the Securities Act of 1933, as amended, for the private placement of our securities under the Equity Agreement pursuant to Section 4(2) of the Act and/or Rule 506 of Regulation D promulgated thereunder. The transaction does not involve a public offering, TCA is an "accredited investor" and/or qualified institutional buyer and TCA has access to information about us and its investment.

Item 9.01 Financial Statements and Exhibits

<u>Exhibit No.</u>	<u>Description</u>
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10.1	Registration Rights Agreement finalized June 12, 2012 by and among the Company and TCA.
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10.2	Equity Agreement finalized June 12, 2012, by and among the Company and TCA.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ACE MARKETING & PROMOTIONS, INC.

Date: June 15, 2012

By: /s/ Dean L. Julia

Name: Dean L. Julia

Title: Co-Chief Executive Officer

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (the "**Agreement**") is made and entered into as of the 31st day of May, 2012 by and between **ACE MARKETING & PROMOTIONS, INC.**, a New York corporation (the "**Company**") and **TCA GLOBAL CREDIT MASTER FUND, LP**, a Cayman Islands limited partnership (the "**Investor**").

WHEREAS, in connection with the Committed Equity Facility Agreement by and between the Company and Investor of even date herewith (the "**CEF Agreement**"), the Company has agreed, upon the terms and subject to the conditions of the CEF Agreement, to issue and sell to the Investor that number of shares of the Company's common stock, par value \$0.0001 per share (the "**Common Stock**"), which can be purchased pursuant to the terms of the CEF Agreement for an aggregate purchase price of up to Two Million Dollars (\$2,000,000). Capitalized terms used in this Agreement and not otherwise defined herein shall have the meaning ascribed to such terms in the CEF Agreement; and

WHEREAS, in order to induce the Investor to execute and deliver the CEF Agreement, the Company has agreed to provide certain registration rights to the Investor under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the "**Securities Act**"), and applicable state securities laws;

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **Definitions.** As used in this Agreement, the following terms shall have the following meanings (to the extent any of the following defined terms are also defined in the CEF Agreement, the definitions below shall control for purposes of this Agreement):

(a) "**Person**" means a corporation, a limited liability company, an association, a partnership, an organization, a business, an individual, a governmental or political subdivision thereof or a governmental agency.

(b) "**Register**," "**Registered**," and "**Registration**," whether capitalized herein or not, refer to a registration effected by preparing and filing one or more "Registration Statements" (as defined below) in compliance with the Securities Act and pursuant to Rule 415 under the Securities Act or any successor rule providing for offering securities on a continuous or delayed basis ("**Rule 415**"), and the declaration or ordering of effectiveness of such Registration Statement(s) by the SEC.

(c) "**Registrable Securities**" shall have the same meaning ascribed to such term in the CEF Agreement.

(d) "**Registration Statement**" means a registration statement under the Securities Act which covers the Registrable Securities.

2. Registration.

(a) Mandatory Registration. The Company shall prepare and file with the SEC, no later than forty-five (45) days from the Effective Date (as defined in the CEF Agreement) (the "**Scheduled Filing Deadline**"), a Registration Statement on Form S-1 or on such other form as is available to the Company. The Company shall use its commercially reasonable efforts to cause the Registration Statement to be declared effective by the SEC by a date that is no later than one hundred twenty (120) days from the Effective Date (the "**Scheduled Effective Deadline**"), and in any event, the Registration Statement shall be declared effective by the SEC prior to the first sale to the Investor of the Company's Common Stock pursuant to the CEF Agreement. The Company shall cause the Registration Statement to remain effective until the full completion of the Commitment Period.

(b) Sufficient Number of Shares Registered. The Registration Statement to be filed by the Company pursuant to Section 2(a) above shall register for resale thereunder an amount of shares of the Company's Common Stock that is at least three (3) times the number of Registrable Securities issuable to the Investor under the CEF Agreement (subject to limitations imposed by Rule 415). In the event the number of shares available under a Registration Statement filed pursuant to Section 2(a) is insufficient to cover all of the Registrable Securities pursuant to the CEF Agreement, the Company shall amend the Registration Statement, or file a new Registration Statement (on the short form available therefor, if applicable), or both, so as to cover all of such Registrable Securities pursuant to the CEF Agreement as soon as practicable, but in any event not later than fifteen (15) days after the necessity therefor arises. The Company shall cause such amendment and/or new Registration Statement to become effective as soon as practicable following the filing thereof. For purposes of the foregoing provision, the number of shares available under a Registration Statement shall be deemed "insufficient to cover all of the Registrable Securities" if at any time the number of Registrable Securities issuable on an Advance Notice Date is greater than the number of shares available for resale under such Registration Statement.

(c) Failure to Timely File Registration Statement. In the event the Registration Statement is not declared effective by the SEC by a date that is no later than one hundred twenty (120) days from the earlier to occur of: (A) the date the Registration Statement is filed; or (B) the Scheduled Filing Deadline (the "**Late Effective Deadline**"), then in addition to any and all remedies Investor may have at law, in equity or under the CEF Agreement or this Agreement, the Company shall be obligated to pay to Investor, in lawful money of the United States of America by wire transfer to an account designated by Investor, within three (3) Trading Days from the Late Effective Deadline, and monthly thereafter, as applicable, until the earlier to occur of: (i) the Registration Statement is declared effective by the SEC; or (ii) until the "Maximum Cap" (as hereinafter defined) is reached, an amount equal to Three Thousand Five Hundred and No/100 Dollars (\$3,500.00), up to a total maximum payment under this Section 2(c) that equals one and one-half percent (1.5%) of the Commitment Amount (the "**Maximum Cap**"). The Company acknowledges that this fee is to offset certain costs and damages incurred by Investor and attributable to the delay caused by the Company's failure to have the Registration Statement declared effective by the SEC by the Late Effective Deadline, and these sums shall not be deemed or construed as a penalty.

(d) Law Firm to File Registration Statement. The parties agree that the Company shall use the law firm of Lucosky Brookman LLP in connection with the Company's initial filing of the Registration Statement hereunder. After the initial filing of the Registration Statement, Morse & Morse, PLLC shall handle the filing of any post-effective amendments to the Registration Statement. Any change of law firms in connection therewith shall require the prior written approval of the Investor, which approval shall not be unreasonably withheld.

3. Related Obligations.

(a) The Company shall keep the Registration Statement effective pursuant to Rule 415 at all times until the completion of the Commitment Period (the "**Registration Period**"), which Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

(b) The Company shall prepare and file with the SEC such amendments (including post-effective amendments) and supplements to a Registration Statement and the prospectus used in connection with such Registration Statement, which prospectus is to be filed pursuant to Rule 424 promulgated under the Securities Act, as may be necessary to keep such Registration Statement effective at all times during the Registration Period, and, during such Registration Period, comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities of the Company covered by such Registration Statement until such time as all of such Registrable Securities shall have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in such Registration Statement. In the case of amendments and supplements to a Registration Statement which are required to be filed pursuant to this Agreement (including pursuant to this Section 3(b)) by reason of the Company's filing a report on Form 10-K, Form 10-Q or Form 8-K or any analogous report under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), the Company shall have incorporated such report by reference into the Registration Statement, if applicable, or shall file such amendments or supplements with the SEC within three (3) business days following the day on which the Exchange Act report is filed which created the requirement for the Company to amend or supplement the Registration Statement.

(c) The Company shall furnish to the Investor without charge: (i) at least one copy of the Registration Statement as declared effective by the SEC and any amendment(s) thereto, including financial statements and schedules, all documents incorporated therein by reference, all exhibits and each preliminary prospectus; (ii) ten (10) copies of the final prospectus included in such Registration Statement and all amendments and supplements thereto (or such other number of copies as the Investor may reasonably request); and (iii) such other documents as the Investor may reasonably request from time to time in order to facilitate the disposition of the Registrable Securities owned by the Investor.

(d) The Company shall: (i) register and qualify the Registrable Securities covered by a Registration Statement under such other securities or "blue sky" laws of such jurisdictions in the United States as the Investor reasonably requests; (ii) prepare and file in those jurisdictions, such amendments (including post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof during the Registration Period; (iii) take such other actions as may be reasonably necessary to maintain such registrations and qualifications in effect at all times during the Registration Period; and (iv) take all other actions reasonably necessary or advisable to qualify the Registrable Securities for sale in such jurisdictions; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to: (w) make any change to its certificate of incorporation or by-laws; (x) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d); (y) subject itself to general taxation in any such jurisdiction; or (z) file a general consent to service of process in any such jurisdiction. The Company shall promptly notify the Investor of the receipt by the Company of any notification with respect to the suspension of the registration or qualification of any of the Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction in the United States or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

(e) As promptly as practicable after becoming aware of such event or development, the Company shall notify the Investor in writing of the happening of any event or development, the result of which would mean that the prospectus included in a Registration Statement, as then in effect, includes an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (provided that in no event shall such notice contain any material, nonpublic information), and promptly prepare a supplement or amendment to such Registration Statement to correct such untrue statement or omission, and deliver ten (10) copies of such supplement or amendment to the Investor, and the Investor shall immediately cease any sales of securities until such amendment or supplement is filed. The Company shall also promptly notify the Investor in writing: (i) when a prospectus or any prospectus supplement or post-effective amendment has been filed, and when a Registration Statement or any post-effective amendment has become effective (notification of such effectiveness shall be delivered to the Investor by facsimile or e-mail on the same day of, or the next business day following, such effectiveness); (ii) of any request by the SEC for amendments or supplements to a Registration Statement or related prospectus or related information; and (iii) of the Company's reasonable determination that a post-effective amendment to a Registration Statement would be appropriate.

(f) The Company shall use its commercially reasonable efforts to prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement, or the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction within the United States of America and, if such an order or suspension is issued, to obtain the withdrawal of such order or suspension at the earliest possible moment and to immediately notify the Investor of the issuance of such order and the resolution thereof, or of the Company's receipt of actual notice of the initiation or threat of any proceeding for such purpose.

(g) Upon request of the Investor, the Company shall furnish to the Investor, on the date of the effectiveness of the Registration Statement, and thereafter from time to time on such dates as Investor may reasonably request: (i) a letter, dated such date, from the Company's independent certified public accountants in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering; and (ii) an opinion, dated as of such date, from counsel representing the Company for purposes of such Registration Statement, in form, scope and substance as is customarily given to an underwriter in an underwritten public offering, addressed to the Investor.

(h) Subject to the terms with respect to material non-public information set forth in Section 8.2(a) of the CEF Agreement, the Company shall make available for inspection by: (i) the Investor; and (ii) Investor's accountants, attorneys, underwriters and other agents retained by the Investor (collectively, the "**Inspectors**") all pertinent financial information and other records, and pertinent corporate documents and properties of the Company (collectively, the "**Records**"), as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all information which any Inspector may reasonably request in connection with the Registration Statement. The Investor agrees that Records obtained by it as a result of such inspections which are conspicuously marked by the Company as "Confidential" (subject to the Company's obligations with respect to material non-public information set forth in Section 8.2(a) of the CEF Agreement) shall be deemed confidential and held in strict confidence by the Investor, unless: (x) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in any Registration Statement or is otherwise required under the Securities Act; (y) the release of such Records is ordered pursuant to a final, non-appealable subpoena or order from a court or government body of competent jurisdiction; or (z) the information in such Records has been made generally available to the public other than by disclosure in violation of this or any other agreement of which the Inspector and the Investor has knowledge. The Investor agrees that it shall, upon learning that disclosure of such Records is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, the Records deemed confidential.

(i) The Company shall hold in confidence and not make any disclosure of information concerning the Investor provided to the Company unless: (i) disclosure of such information is necessary to comply with federal or state securities laws; (ii) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement; (iii) the release of such information is ordered pursuant to a subpoena or other final, non-appealable order from a court or governmental body of competent jurisdiction; or (iv) such information has been made generally available to the public other than by disclosure in violation of this Agreement or any other agreement. The Company agrees that it shall, upon learning that disclosure of such information concerning the Investor is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt written notice to the Investor and allow the Investor, at the Investor's expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

(j) The Company shall use its commercially reasonable efforts either to cause all the Registrable Securities covered by a Registration Statement: (i) to be listed on each securities exchange on which securities of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such exchange; or (ii) to secure the inclusion for quotation on the National Association of Securities Dealers, Inc. OTC Bulletin Board for such Registrable Securities. The Company shall pay all fees and expenses in connection with satisfying its obligation under this Section 3(j).

(k) The Company shall cooperate with the Investor to the extent applicable, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legend) representing the Registrable Securities to be offered pursuant to a Registration Statement and enable such certificates to be in such denominations or amounts, as the case may be, as the Investor may reasonably request and registered in such names as the Investor may request.

(l) The Company shall use its commercially reasonable efforts to cause the Registrable Securities covered by the applicable Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to consummate the disposition of such Registrable Securities.

(m) The Company shall make generally available to its security holders as soon as practical, but not later than ninety (90) days after the close of the period covered thereby, an earnings statement (in form complying with the provisions of Rule 158 under the Securities Act) covering a twelve-month period beginning not later than the first day of the Company's fiscal quarter next following the effective date of the Registration Statement.

(n) The Company shall otherwise use its commercially reasonable efforts to comply with all applicable rules and regulations of the SEC in connection with any registration hereunder.

(o) Within three (3) business days after a Registration Statement which covers Registrable Securities is ordered effective by the SEC, the Company shall deliver, and shall cause legal counsel for the Company to deliver, to the transfer agent for such Registrable Securities (with copies to the Investor) confirmation that such Registration Statement has been declared effective by the SEC in the form attached hereto as **Exhibit "A"**.

(p) The Company shall take all other reasonable actions necessary to expedite and facilitate disposition by the Investor of Registrable Securities pursuant to a Registration Statement.

4. Obligations of the Investor. The Investor agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(f) or the first sentence of 3(e), the Investor will immediately discontinue disposition of Registrable Securities pursuant to any Registration Statement(s) covering such Registrable Securities until the Investor's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(e) or receipt of notice that no supplement or amendment is required. Notwithstanding anything contained herein or in the CEF Agreement to the contrary, the Company shall cause its transfer agent to deliver unlegended certificates for shares of Common Stock to a transferee of the Investor in accordance with the terms of the CEF Agreement in connection with any sale of Registrable Securities with respect to which the Investor has entered into a contract for sale prior to the Investor's receipt of a notice from the Company of the happening of any event of the kind described in Section 3(f) or the first sentence of 3(e) and for which the Investor has not yet settled.

5. Expenses of Registration. All expenses incurred in connection with registrations, filings or qualifications pursuant to this Agreement, including, without limitation, all registration, listing and qualifications fees, printers' fees, and legal and accounting fees shall be paid by the Company.

6. Indemnification. With respect to Registrable Securities which are included in a Registration Statement under this Agreement:

(a) To the fullest extent permitted by law, the Company will, and does hereby agree to indemnify, hold harmless and defend the Investor, the directors, officers, partners, employees, agents, representatives of, and each Person, if any, who controls the Investor within the meaning of the Securities Act or the Exchange Act (each, an "**Indemnified Person**"), against any losses, claims, demands, threats, damages, liabilities, judgments, fines, penalties, charges, costs, reasonable attorneys' and paralegals' fees, amounts paid in settlement or any other expenses of any nature whatsoever, joint or several (collectively, the "**Indemnified Damages**") incurred in investigating, preparing or defending any action, claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or governmental, administrative or other regulatory agency, body or the SEC, whether pending or threatened, whether or not an Indemnified Person is or may be a party thereto (collectively, the "**Claims**"), to which any Indemnified Person may become subject insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement or any post-effective amendment thereto or in any filing made in connection with the qualification of the offering under the securities or other "blue sky" laws of any jurisdiction in which Registrable Securities are offered ("**Blue Sky Filing**"), or the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) any untrue statement or alleged untrue statement of a material fact contained in any final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading; or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities pursuant to a Registration Statement (the matters in the foregoing clauses (i) through (iii) being, collectively, the "**Violations**"). The Company shall reimburse each Indemnified Person promptly as such Indemnified Damages are incurred and are due and payable, in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(a): (x) shall not apply to a Claim by an Indemnified Person arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by such Indemnified Person expressly for use in connection with the preparation of the Registration Statement or any such amendment thereof or supplement thereto; (y) shall not be available to the extent such Claim is based on a failure of the Investor to deliver or to cause to be delivered the then-current prospectus made available by the Company, if such prospectus was timely made available by the Company pursuant to Section 3(e); and (z) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld, conditioned or delayed. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person.

(b) In connection with a Registration Statement, the Investor agrees to indemnify, hold harmless and defend, to the same extent and in the same manner as is set forth in Section 6(a), the Company, each of its directors, each of its officers, employees, representatives or agents and each Person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act (each an "**Indemnified Party**"), against any Claim or Indemnified Damages to which any of them may become subject, under the Securities Act, the Exchange Act or otherwise, insofar as such Claim or Indemnified Damages arise out of or are based upon any Violation, in each case to the extent, and only to the extent, that such Violation occurs directly as a result of the Company's reliance upon written information furnished to the Company by the Investor expressly for use in connection with such Registration Statement; and, subject to Section 6(d), the Investor will reimburse any legal or other expenses reasonably incurred by them in connection with investigating or defending any such Claim; provided, however, that the indemnity agreement contained in this Section 6(b) and the agreement with respect to contribution contained in Section 7 shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Investor, which consent shall not be unreasonably withheld; provided, further, however, that the Investor shall be liable under this Section 6(b) for only that amount of a Claim or Indemnified Damages as does not exceed the net proceeds to the Investor as a result of the sale of Registrable Securities pursuant to such Registration Statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Party. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(b) with respect to any prospectus shall not inure to the benefit of any Indemnified Party if the untrue statement or omission of material fact contained in the prospectus was corrected and such new prospectus was delivered to the Investor prior to the Investor's use of the prospectus to which the Claim relates.

(c) Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 6 of notice of the commencement of any Claim (including any governmental action or proceeding), such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 6, deliver to the indemnifying party a written notice of the commencement of the Claim and all other information in the possession of the Indemnified Person or Indemnified Party, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party, as the case may be; provided, however, that an Indemnified Person or Indemnified Party shall have the right to retain its own counsel with the fees and expenses of not more than one counsel for such Indemnified Person or Indemnified Party to be paid by the indemnifying party, if, in the reasonable opinion of counsel retained by the indemnifying party, the representation by such counsel of the Indemnified Person or Indemnified Party and the indemnifying party would be inappropriate due to actual or potential conflicts of interest between such Indemnified Person or Indemnified Party and any other party represented by such counsel in such proceeding. The Indemnified Party or Indemnified Person shall cooperate fully with the indemnifying party in connection with any negotiation or defense of any such Claim and shall furnish to the indemnifying party all information reasonably available to the Indemnified Party or Indemnified Person which relates to such Claim. The indemnifying party shall keep the Indemnified Party or Indemnified Person fully apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. No indemnifying party shall be liable for any settlement of any Claim effected without its prior written consent, provided, however, that the indemnifying party shall not unreasonably withhold, delay or condition its consent. No indemnifying party shall, without the prior written consent of the Indemnified Party or Indemnified Person, consent to entry of any judgment or enter into any settlement or other compromise which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party or Indemnified Person of a full and unconditional release from all liability in respect to such Claim. Following indemnification as provided for hereunder, the indemnifying party shall be subrogated to all rights of the Indemnified Party or Indemnified Person with respect to all third parties, firms or corporations relating to the matter for which indemnification has been made. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such Claim shall not relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party under this Section 6, except to the extent that the indemnifying party is prejudiced in its ability to defend such Claim.

(d) The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or Indemnified Damages are incurred.

(e) The indemnity agreements contained herein shall be in addition to: (i) any cause of action or similar right of the Indemnified Party or Indemnified Person against the indemnifying party or others, and (ii) any liabilities the indemnifying party may be subject to pursuant to the law.

7. Contribution. To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 6 to the fullest extent permitted by law; provided, however, that: (i) no seller of Registrable Securities guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any seller of Registrable Securities who was not guilty of fraudulent misrepresentation; and (ii) contribution by any seller of Registrable Securities shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Registrable Securities.

8. Reports Under the Exchange Act. With a view to making available to the Investor the benefits of Rule 144 promulgated under the Securities Act or any similar rule or regulation of the SEC that may at any time permit the Investors to sell securities of the Company to the public without registration ("**Rule 144**"), so long as the Investor owns Registrable Securities, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act so long as the Company remains subject to such requirements (it being understood that nothing herein shall limit the Company's obligations under the CEF Agreement) and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and

(c) furnish to the Investor so long as the Investor owns Registrable Securities, promptly upon request: (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144, the Securities Act and the Exchange Act; (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company; and (iii) such other information as may be reasonably requested to permit the Investor to sell such securities pursuant to Rule 144 without registration and without any limitations or restrictions.

9. Amendment of Registration Rights. Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only by a written agreement between the Company and the Investor. Any amendment or waiver effected in accordance with this Section 9 shall be binding upon the Investor and the Company.

10. Miscellaneous.

(a) Record Owner. A Person is deemed to be a holder of Registrable Securities whenever such Person owns or is deemed to own of record such Registrable Securities. If the Company receives conflicting instructions, notices or elections from two or more Persons with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from the registered owner of such Registrable Securities.

(b) Further Assurances. The Company hereby covenants and agrees to execute and deliver any additional documents necessary or desirable, in the reasonable opinion of Investor, or their respective legal counsel, to carry out the intent of this Agreement or enforce its terms, and to otherwise allow Investor to dispose of or re-sell all Registrable Securities, and any other shares of the Company's Common Stock that may be owned by the Investor, whether or not same are Registrable Securities, including, without limitation, delivering, or causing the Company's counsel to deliver, any opinions required to remove restrictive legends or to sell any such Registrable Securities or other shares, either pursuant to an effective Registration Statement hereunder, or pursuant to Rule 144, or otherwise.

(c) Notices. All notices of request, demand and other communications hereunder shall be addressed to the parties as follows:

If to the Company: Ace Marketing & Promotions, Inc.
600 Old Country Road, Suite 541
Garden City, New York 11530
Attn: Mr. Dean Julia, CEO
Telephone: _____
Facsimile: _____
E-Mail: _____

With a copy to:
(which shall not constitute notice) Joseph Lucosky, Esq.
Lucosky Brookman, LLP
33 Wood Avenue South, 6th Floor
Iselin, New Jersey 08830
Phone: (732) 395-4400
Fax: (732) 395-4401
Email: jlucosky@lucbro.com

With a copy to:
(which shall not constitute notice) Steven Morse, Esq.
Morse & Morse, PLLC
1400 Old Country Road, Suite 302
Westbury, NY 11590
Phone: (516) 487-1446
Fax: (516) 487-1452
Email: morgold@aol.com

If to the Investor: TCA Global Credit Master Fund, LP
1404 Rodman Street
Hollywood, FL 33020
Attn: Mr. Robert Press
Telephone: (786) 323-1650
Facsimile: (786) 323-1651
E-Mail: bpress@trafcap.com

With a copy to:
(which shall not constitute notice) David Kahan, P.A.
6420 Congress Ave., Suite 1800
Boca Raton, FL 33487
Attn: David Kahan, Esq.
Telephone: (561) 672-8330
Facsimile: (561) 672-8301
E-Mail: david@dkpalaw.com

unless the address is changed by the party by like notice given to the other parties. Notice shall be in writing and shall be deemed received: (i) if mailed by certified mail, return receipt requested, postage prepaid and properly addressed to the address above, then three (3) business days after deposit of same in a regularly maintained U.S. Mail receptacle; or (ii) if mailed by Federal Express, UPS or other nationally recognized overnight courier service, next business morning delivery, then one (1) business day after deposit of same in a regularly maintained receptacle of such overnight courier; or (iii) if hand delivered, then upon hand delivery thereof to the address indicated on or prior to 5:00 p.m., EST, on a business day. Any notice hand delivered after 5:00 p.m., EST, shall be deemed delivered on the following business day. Notwithstanding the foregoing, notice, requests or demands or other communications referred to in this Agreement may be sent by facsimile, e-mail, or other method of delivery, but shall be deemed to have been delivered only when the sending party has confirmed (by reply e-mail or some other form of written confirmation from the receiving party) that the notice has been received by the other party.

(d) Entire Agreement. This Agreement, together with the CEF Agreement, contains the entire understanding and agreement of the parties relating to the subject matter hereof and supersedes all prior and/or contemporaneous understandings and agreements of any kind and nature (whether written or oral) among the parties with respect to such subject matter.

(e) Governing Law. The corporate laws of the State of Nevada shall govern all issues concerning the relative rights of the Company and the Investor under this Agreement. All other questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of Nevada, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Nevada or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Nevada. Each party hereby irrevocably submits to the non-exclusive jurisdiction of the State Courts of the State of Nevada, sitting in Clark County, Nevada and the Federal District Court for the District of Nevada, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, provided, however, that nothing herein shall prevent the Investor from bringing suit or taking legal action in any other jurisdiction, and the Company hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HEREWITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

(f) Severability. The parties agree that if any provision of this Agreement be held to be invalid, illegal or unenforceable in any jurisdiction, that holding shall be effective only to the extent of such invalidity, illegality or unenforceability without invalidating or rendering illegal or unenforceable the remaining provisions hereof, and any such invalidity, illegality or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. It is the intent of the parties that this Agreement be fully enforced to the fullest extent permitted by applicable law.

(g) Binding Effect; Assignment. This Agreement and the rights and obligations hereunder may not be assigned or delegated by either party, without the prior written consent of the other party. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other Person.

(h) Headings. The section headings contained in this Agreement are inserted for reference purposes only and shall not affect in any way the meaning, construction or interpretation of this Agreement. Any reference to the masculine, feminine, or neuter gender shall be a reference to such other gender as is appropriate. References to the singular shall include the plural and vice versa.

(i) Waiver. A waiver of any breach or violation of any term, provision or covenant contained herein shall not be deemed a continuing waiver, or a waiver of any future or past breach or violation, or a waiver of any other term, provision or covenant of this Agreement. Any such waiver shall only be valid if it is writing and signed by the party granting such waiver.

(j) Joint Preparation. The preparation of this Agreement has been a joint effort of the parties and the resulting documents shall not, solely as a matter of judicial construction, be construed more severely against one of the parties than the other.

(k) Counterparts and Execution. This Agreement may be executed in one or more counterparts, all of which taken together shall be deemed and considered one and the same Agreement, and same shall become effective when counterparts have been signed by each party and each party has delivered its signed counterpart to the other party. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format file or other similar format file, such signature shall be deemed an original for all purposes and shall create a valid and binding obligation of the party executing same with the same force and effect as if such facsimile or “.pdf” signature page was an original thereof.

[Signatures on the following page]

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

COMPANY:

ACE MARKETING & PROMOTIONS, INC., a New York corporation

By: _____
Name: _____
Title: _____

INVESTOR:

TCA GLOBAL CREDIT MASTER FUND, LP

By: TCA Global Credit Fund GP, Ltd., its general partner

By: _____
Name: _____
Title: _____

EXHIBIT "A"

**FORM OF NOTICE OF EFFECTIVENESS
OF REGISTRATION STATEMENT**

Attention: TCA Global Credit Master Fund, LP

Re: **Ace Marketing & Promotions, Inc.**

Ladies and Gentlemen:

We are counsel to Ace Marketing & Promotions, Inc. (the "**Company**"), and have represented the Company in connection with that certain Committed Equity Facility Agreement (the "**CEF Agreement**") entered into by and between the Company and TCA Global Credit Master Fund, LP (the "**Investor**") pursuant to which the Company issued, or proposes to issue, to the Investor shares of its Common Stock, par value \$0.0001 per share (the "**Common Stock**"). Pursuant to the CEF Agreement, the Company also has entered into a Registration Rights Agreement with the Investor (the "**Registration Rights Agreement**") pursuant to which the Company agreed, among other things, to register the Registrable Securities (as defined in the Registration Rights Agreement) under the Securities Act of 1933, as amended (the "**Securities Act**"). In connection with the Company's obligations under the Registration Rights Agreement, on _____, the Company filed a Registration Statement on Form _____ (File No. 333-_____) (the "**Registration Statement**") with the Securities and Exchange Commission (the "**SEC**") relating to the Registrable Securities which names the Investor as a selling stockholder thereunder.

In connection with the foregoing, we advise you that a member of the SEC's staff has advised us by telephone that the SEC has entered an order declaring the Registration Statement effective under the Securities Act at **[ENTER TIME OF EFFECTIVENESS]** on **[ENTER DATE OF EFFECTIVENESS]** and we have no knowledge, after telephonic inquiry of a member of the SEC's staff, that any stop order suspending its effectiveness has been issued or that any proceedings for that purpose are pending before, or threatened by, the SEC and the Registrable Securities are available for resale under the Securities Act pursuant to the Registration Statement.

Very truly yours,

By:

COMMITTED EQUITY FACILITY AGREEMENT

This Committed Equity Facility Agreement (the "**Agreement**") is dated as of the 31st day of May, 2012, by and between **TCA GLOBAL CREDIT MASTER FUND, LP**, a Cayman Islands limited partnership (the "**Investor**") and **ACE MARKETING & PROMOTIONS, INC.**, a New York corporation (the "**Company**").

RECITALS

WHEREAS, the parties desire that, upon the terms and subject to the conditions contained herein, the Company shall issue and sell to the Investor, from time to time as provided herein, and the Investor shall purchase from the Company, up to \$2,000,000 of the Company's common stock, \$0.0001 par value per share (the "**Common Stock**"); and

WHEREAS, such investments will be made in reliance upon the provisions of Regulation D (**Regulation D**) of the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (collectively, the "**Securities Act**"), or upon such other exemption from the registration requirements of the Securities Act as may be available with respect to any or all of the transactions to be entered into hereunder;

NOW, THEREFORE, in consideration of the premises and the mutual covenants of the parties hereinafter expressed and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, each intending to be legally bound, agree as follows:

ARTICLE I
CERTAIN DEFINITIONS

For purposes of this Agreement, except as otherwise expressly provided or otherwise defined elsewhere in this Agreement, or unless the context otherwise requires, the capitalized terms in this Agreement shall have the meanings assigned to them in this Article as follows:

- 1.1 "**Advance**" shall mean the portion of the Commitment Amount requested by the Company in the Advance Notice.
- 1.2 "**Advance Fee**" shall mean an amount in United States funds equal to five percent (5%) of the gross amount of each Advance.
- 1.3 "**Advance Notice**" shall mean a written notice in the form of **Exhibit "A"** attached hereto, executed by an officer of the Company and delivered to the Investor and setting forth the Advance amount that the Company requests from the Investor.
- 1.4 "**Advance Notice Date**" shall mean each date the Company delivers (in accordance with Section 2.1(b) of this Agreement) to the Investor an Advance Notice requiring the Investor to advance funds to the Company, subject to the terms of this Agreement. No Advance Notice Date will be less than five (5) Trading Days after the immediately prior Advance Notice Date given by the Company, if any

- 1.5 “**Advance Settlement Date**” shall mean the third (3rd) Trading Day after the relevant Pricing Period, or such earlier day as may be available for settlement.
- 1.6 “**Affiliate**” shall have the meaning set forth in Rule 405 of the Securities Act.
- 1.7 “**Agreement**” shall have the meaning set forth in the preamble paragraph hereto.
- 1.8 “**By-Laws**” shall have the meaning set forth in Section 4.4.
- 1.9 “**Certificate of Incorporation**” shall have the meaning set forth in Section 4.4.
- 1.10 “**Claims**” shall have the meaning set forth in Section 5.1.
- 1.11 “**Closing**” shall mean one of the closings of a purchase and sale of Common Stock pursuant to Section 2.2.
- 1.12 “**Commitment Amount**” shall mean the aggregate amount of up to \$2,000,000 which the Investor has agreed to provide to the Company in order to purchase the Shares pursuant to the terms and conditions of this Agreement.
- 1.13 “**Commitment Period**” shall mean the period commencing on the Effective Date, and expiring upon the termination of this Agreement in accordance with Section 10.2.
- 1.14 “**Common Stock**” shall have the meaning set forth in the recitals of this Agreement.
- 1.15 “**Company**” shall have the meaning set forth in the preamble paragraph hereto.
- 1.16 “**Company Indemnitees**” shall have the meaning set forth in Section 5.2.
- 1.17 “**Condition Satisfaction Date**” shall have the meaning set forth in Article VII.
- 1.18 “**Consolidation Event**” shall have the meaning set forth in Section 6.9.
- 1.19 “**Effective Date**” shall mean June 12, 2012.
- 1.20 “**Environmental Laws**” shall have the meaning set forth in Section 4.9.
- 1.21 “**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.
- 1.22 “**Facility Fee Shares**” shall have the meaning set forth in Section 12.4(d).
- 1.23 “**Indemnified Liabilities**” shall have the meaning set forth in Section 5.1.
- 1.24 “**Indemnitee**” shall have the meaning set forth in Section 5.3.

- 1.25 “**Indemnitor**” shall have the meaning set forth in Section 5.3.
- 1.26 “**Investor**” shall have the meaning set forth in the preamble paragraph hereto.
- 1.27 “**Investor Indemnitees**” shall have the meaning set forth in Section 5.1.
- 1.28 “**Market Price**” shall mean the lowest daily VWAP of the Common Stock during the relevant Pricing Period.
- 1.29 “**Material Adverse Effect**” shall mean any condition, circumstance, or situation that has resulted in, or would reasonably be expected to result in: (i) a material adverse effect on the legality, validity or enforceability of this Agreement or the transactions contemplated herein; (ii) a material adverse effect on the results of operations, assets, business or condition (financial or otherwise) of the Company, taken as a whole; or (iii) a material adverse effect on the Company’s ability to perform in any material respect on a timely basis its obligations under this Agreement.
- 1.30 “**Maximum Advance Amount**” shall mean, for each Advance Notice, the greater of: (i) an amount calculated by multiplying the Market Price applicable to the relevant Advance Notice, multiplied by 200,000 Shares; or (ii) two hundred percent (200%) of the average daily volume of shares of Common Stock traded during the immediately preceding five (5) consecutive trading days applicable to the relevant Advance Notice.
- 1.31 “**Nine Month Valuation Date**” shall have the meaning set forth in Section 12.4(d).
- 1.32 “**Ownership Limitation**” shall have the meaning set forth in Section 2.1(a).
- 1.33 “**Person**” shall mean an individual, a corporation, a partnership, an association, a trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.
- 1.34 “**Preferred Stock**” shall have the meaning set forth in Section 4.4.
- 1.35 “**Pricing Period**” shall mean the five (5) consecutive Trading Days after the Advance Notice Date.
- 1.36 “**Principal Market**” shall mean the Nasdaq Global Select Market, the Nasdaq Global Market, the Nasdaq Capital Market, the OTC Bulletin Board, the OTC Markets, the NYSE Euronext or the New York Stock Exchange, whichever is at the time the principal trading exchange or market for the Common Stock.
- 1.37 “**Purchase Price**” shall be set at ninety-five percent (95%) of the Market Price during the Pricing Period.
- 1.38 “**Registrable Securities**” shall mean: (i) the Shares; (ii) any securities issued or issuable with respect to the Shares by way of exchange, stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise; (iii) shares of current investors in the Company required to be registered pursuant to existing agreements with the Company; and (iv) other shares which the Company shall hereinafter request to be included in the Registration Statement prior to its initial filing with the SEC; provided, however, that any additional shares to be included in the Registration Statement as Registrable Shares under this section 1.38(iv) shall require the Investor’s prior approval to be included in the Registration Statement as Registrable Securities. As to any particular Registrable Securities, once issued such securities shall cease to be Registrable Securities when: (a) the Registration Statement has been declared effective by the SEC and such Registrable Securities have been disposed of pursuant to the Registration Statement; (b) such Registrable Securities have been sold under circumstances under which all of the applicable conditions of Rule 144 (or any similar provision then in force) under the Securities Act (“**Rule 144**”) are met; or (c) in the opinion of counsel to the Company such Registrable Securities may permanently be sold without registration or without any time, volume or manner of sale limitations pursuant to Rule 144.

1.39 **“Registration Rights Agreement”** shall mean the Registration Rights Agreement dated the date hereof, regarding the filing of the Registration Statement for the resale of the Registrable Securities, entered into between the Company and the Investor.

1.40 **“Registration Statement”** shall mean a registration statement on Form S-1 or Form S-3 or on such other form promulgated by the SEC for which the Company then qualifies and which counsel for the Company shall deem appropriate, and which form shall be available for the registration of the resale by the Investor of the Registrable Securities under the Securities Act.

1.41 **“Regulation D”** shall have the meaning set forth in the recitals of this Agreement.

1.42 **“Sale Reconciliation”** shall have the meaning set forth in Section 12.4(d).

1.43 **“SEC”** shall mean the United States Securities and Exchange Commission.

1.44 **“SEC Documents”** shall have the meaning set forth in Section 4.3.

1.45 **“Securities Act”** shall have the meaning set forth in the recitals of this Agreement.

1.46 **“Settlement Document”** shall have the meaning set forth in Section 2.2(a).

1.47 **“Share Value”** shall have the meaning set forth in Section 12.4(d).

1.48 **“Shares”** shall mean the shares of Common Stock to be issued from time to time hereunder pursuant to Advances.

1.49 **“Trading Day”** shall mean any day during which the Principal Market shall be open for business.

1.50 **“Valuation Date”** shall have the meaning set forth in Section 12.4(d).

1.51 **“VWAP”** means, for any Trading Day, the daily volume weighted average price of the Common Stock for such date on the Principal Market as reported by Bloomberg L.P. (based on a Trading Day from 9:00 a.m. (New York City time) to 4:02 p.m. (New York City time)).

ARTICLE II
ADVANCES

2.1 Advances; Mechanics. Subject to the terms and conditions of this Agreement (including, without limitation, the conditions of Article VII hereof), the Company, at its sole and exclusive option, may issue and sell to the Investor, and the Investor shall purchase from the Company, shares of Common Stock on the following terms:

(a) Advance Notice. At any time during the Commitment Period, the Company may require the Investor to purchase shares of Common Stock by delivering an Advance Notice to the Investor, subject to the conditions set forth in Article VII; provided, however, that: (i) the amount for each Advance as designated by the Company in the applicable Advance Notice shall not be more than the Maximum Advance Amount; (ii) the aggregate amount of the Advances pursuant to this Agreement shall not exceed the Commitment Amount; (iii) in no event shall the number of Shares issuable to the Investor pursuant to an Advance cause the aggregate number of Shares beneficially owned (as calculated pursuant to Section 13(d) of the Exchange Act) by the Investor and its Affiliates to exceed 9.99% of the then outstanding Common Stock (the "Ownership Limitation"); and (iv) in no event shall the aggregate offering price or number of Shares, as the case may be, exceed the aggregate offering price or number of Shares, as the case may be, available for issuance under the Registration Statement (the "Registration Limitation"). Notwithstanding any other provision in this Agreement, the Company acknowledges and agrees that upon receipt of an Advance Notice, the Investor may sell Shares that it is unconditionally obligated to purchase under such Advance Notice prior to taking possession of such Shares.

(b) Date of Delivery of Advance Notice. Advance Notices shall be delivered in accordance with the instructions set forth on the bottom of Exhibit "A". An Advance Notice shall be deemed delivered on: (i) the Trading Day it is received by the Investor, if such Advance Notice is received prior to 5:00 pm, Eastern Time; or (ii) the immediately succeeding Trading Day if such Advance Notice is received by Investor after 5:00 pm, Eastern Time, on a Trading Day or at any time on a day which is not a Trading Day. No Advance Notice may be deemed delivered on a day that is not a Trading Day. The Company may not deliver an Advance Notice to Investor unless at least five (5) Trading Days have elapsed since the immediately preceding Advance Notice Date.

(c) Ownership Limitation. In connection with each Advance Notice delivered by the Company, any portion of an Advance that would cause the Investor to exceed the Ownership Limitation shall automatically be deemed to be withdrawn by the Company with no further action required by the Company.

(d) Registration Limitation. In connection with each Advance Notice, any portion of an Advance that would cause the Investor to exceed the Registration Limitation shall automatically be deemed to be withdrawn by the Company with no further action required by the Company.

2.2 Closings. Each Closing shall take place on the Advance Settlement Date in accordance with the procedures set forth below. In connection with each Closing, the Company and the Investor shall fulfill each of its obligations as set forth below:

(a) Within one (1) Trading Day after the expiration of the Pricing Period applicable with respect to an Advance Notice, the Investor shall deliver to the Company a written document (each a "**Settlement Document**") setting forth: (i) the amount of the Advance (taking into account any adjustments pursuant to Section 2.1 above); (ii) the Purchase Price; (iii) the Market Price (as supported by a report by Bloomberg L.P. indicating the VWAP for each of the Trading Days during the Pricing Period); and (iv) the number of Shares to be issued and subscribed for in connection with the applicable Advance (which in no event will be greater than the Ownership Limitation or the Registration Limitation), in each case taking into account the terms and conditions of this Agreement. The Settlement Document shall be in the form attached hereto as **Exhibit "B"**.

(b) Upon receipt of the Settlement Document with respect to each Advance, the Company shall, by promptly (and in any event not later than one (1) Trading Day after receipt) signing the Settlement Document and returning it to the Investor, confirm that it has obtained all permits and qualifications, if any, required for the issuance and transfer of the Shares applicable to such Advance, or shall have the availability of exemptions therefrom, and that the sale and issuance of such Shares shall be legally permitted by all laws and regulations to which the Company is subject. Execution of the Settlement Document by the Company shall also be deemed a representation by the Company that all conditions to an Advance under Article VII have been fully satisfied in all material respects as of each Condition Satisfaction Date.

(c) On each Advance Settlement Date, the Company will, or will cause its transfer agent to, electronically transfer such number of Shares registered in the name of the Investor as shall equal: (i) the amount of the Advance specified in such Advance Notice and confirmed in the Settlement Document signed by the Company (as may be reduced according to the terms of this Agreement); divided by (ii) the Purchase Price, by crediting the Investor's account or its designee's account at the Depository Trust Company through its Deposit Withdrawal Agent Commission System or by such other means of delivery as may be mutually agreed upon by the parties hereto (which in all cases shall be freely tradable, registered shares in good deliverable form, covered by an effective Registration Statement pursuant to which the Investor is permitted to resell such Shares) against payment of the Purchase Price in same day funds to an account designated by the Company. In the event the Shares cannot be delivered through the Deposit Withdrawal Agent Commission System, then the Company shall cause its transfer agent, on each Advance Settlement Date, to issue and surrender to a common carrier for overnight delivery to the Investor, certificates, registered in the name of the Investor or its designees, representing the Shares applicable to such Advance. No fractional shares shall be issued, and any fractional amounts shall be rounded to the next higher whole number of Shares. Any certificates evidencing Shares delivered pursuant hereto shall be free of restrictive legends.

(d) On or prior to the Advance Settlement Date, each of the Company and the Investor shall deliver to the other, as applicable, all documents, instruments and writings required to be delivered by either of them pursuant to this Agreement in order to implement and effect the transactions contemplated herein.

2.3 **Hardship.** In the event the Investor sells shares of the Company's Common Stock after receipt of an Advance Notice and the Company fails to perform its obligations as mandated in Section 2.2, the Company agrees that in addition to and in no way limiting the rights and obligations set forth in Article V hereto, and in addition to any other remedy to which the Investor is entitled at law or in equity, including, without limitation, specific performance, the Investor shall be entitled to an injunction or injunctions to prevent such breaches of this Agreement and to specifically enforce, without the posting of a bond or other security, the terms and provisions of this Agreement.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF INVESTOR

Investor hereby represents and warrants to, and agrees with, the Company that the following are true and correct as of the Effective Date:

3.1 Organization and Authorization. The Investor is duly organized, validly existing and in good standing under the laws of the Cayman Islands and has all requisite power and authority to purchase and hold the Shares. The decision to invest and the execution and delivery of this Agreement by such Investor, the performance by such Investor of its obligations hereunder and the consummation by such Investor of the transactions contemplated hereby have been duly authorized and requires no other proceedings on the part of the Investor. The undersigned has the right, power and authority to execute and deliver this Agreement and all other instruments on behalf of the Investor. This Agreement has been duly executed and delivered by the Investor and, assuming the execution and delivery hereof and acceptance thereof by the Company, will constitute the legal, valid and binding obligations of the Investor, enforceable against the Investor in accordance with its terms.

3.2 Evaluation of Risks. The Investor has such knowledge and experience in financial, tax and business matters as to be capable of evaluating the merits and risks of, and bearing the economic risks entailed by, an investment in the Company and of protecting its interests in connection with this transaction. It recognizes that its investment in the Company involves a high degree of risk.

3.3 Investment Purpose. The securities are being purchased by the Investor for its own account, and for investment purposes. The Investor agrees not to assign or in any way transfer the Investor's rights to the securities or any interest therein and acknowledges that the Company will not recognize any purported assignment or transfer except in accordance with applicable Federal and state securities laws. No other person has or will have a direct or indirect beneficial interest in the securities. The Investor agrees not to sell, hypothecate or otherwise transfer the Investor's securities unless the securities are registered under Federal and applicable state securities laws or unless, in the opinion of counsel satisfactory to the Company, an exemption from such laws is available.

3.4 Investor Status. The Investor is an "Accredited Investor" as that term is defined in Rule 501(a)(3) of Regulation D of the Securities Act.

3.5 No Legal Advice From the Company. The Investor acknowledges that it had the opportunity to review this Agreement and the transactions contemplated by this Agreement with its own legal counsel and investment and tax advisors. The Investor is relying solely on such counsel and advisors and not on any statements or representations of the Company or any of the Company's representatives or agents for legal, tax or investment advice with respect to this investment, the transactions contemplated by this Agreement or the securities laws of any jurisdiction.

3.6 Not an Affiliate. The Investor is not an officer, director or a Person that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with the Company or any Affiliate of the Company.

3.7 Trading Activities. The Investor's trading activities with respect to the Company's Common Stock shall be in compliance with all applicable federal and state securities laws, rules and regulations and the rules and regulations of the Principal Market on which the Common Stock is listed or traded. Neither the Investor nor its Affiliates has an open short position in the Common Stock, and the Investor agrees that it shall not, and that it will cause its Affiliates not to engage in any short sales of the Common Stock during the Commitment Period; provided that the Company acknowledges and agrees that upon receipt of an Advance Notice the Investor has the right to sell the Shares to be issued to the Investor pursuant to the Advance Notice prior to receiving such Shares, subject to the limitations set forth in this Section.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as stated below, on the disclosure schedules attached hereto, if any, or in the SEC Documents, the Company hereby represents and warrants to the Investor that the following are true and correct as of the Effective Date:

4.1 SEC Documents: Financial Statements. The Common Stock is registered pursuant to Section 12(b) or Section 12(g) of the Exchange Act and the Company has timely filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC under the Exchange Act (all of the foregoing filed within the two (2) years preceding the Effective Date or amended after the Effective Date, and all exhibits included therein and financial statements and schedules thereto and documents incorporated by reference therein, being hereinafter referred to as the "**SEC Documents**"). The Company is current with its filing obligations under the Exchange Act and all SEC Documents have been filed on a timely basis or the Company has received a valid extension of such time of filing and has filed any such SEC Document prior to the expiration of any such extension. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with generally accepted accounting principles, consistently applied, during the periods involved (except: (i) as may be otherwise indicated in such financial statements or the notes thereto; or (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) and fairly present the financial position of the Company as of the dates thereof and the results of its operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). No other information provided by or on behalf of the Company to the Investor which is not included in the SEC Documents contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstance under which they are or were made, not misleading.

4.2 Organization and Qualification. The Company is duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power to own its properties and to carry on its business as now being conducted. Each of the Company and its subsidiaries is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect.

4.3 Authorization, Enforcement, Compliance with Other Instruments (i) The Company has the requisite corporate power and authority to enter into and perform this Agreement and any related agreements, in accordance with the terms hereof and thereof; (ii) the execution and delivery of this Agreement and any related agreements by the Company and the consummation by it of the transactions contemplated hereby and thereby, have been duly authorized by the Company's Board of Directors and no further consent or authorization is required by the Company, its Board of Directors or its stockholders; (iii) this Agreement and any related agreements have been duly executed and delivered by the Company; (iv) this Agreement and assuming the execution and delivery thereof and acceptance by the Investor, any related agreements, constitute the valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of creditors' rights and remedies.

4.4 Capitalization. The authorized capital stock of the Company consists of 100,000,000 shares of Common Stock, and 5,000,000 shares of the Company's preferred stock, \$0.0001 par value per share (the "**Preferred Stock**"). The Company has 25,840,004 shares of Common Stock issued and outstanding as of the Effective Date, and 470,000 shares of Preferred Stock issued and outstanding as of the Effective Date. All of such outstanding shares have been validly issued and are fully paid and nonassessable. The Common Stock is currently quoted on the OTC Bulletin Board under the trading symbol "AMKT." Except as disclosed in the SEC Documents, no shares of Common Stock are subject to preemptive rights or any other similar rights or any liens or encumbrances suffered or permitted by the Company. Except as disclosed in the SEC Documents, as of the date hereof: (i) there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any shares of capital stock of the Company or any of its subsidiaries, or contracts, commitments, understandings or arrangements by which the Company or any of its subsidiaries is or may become bound to issue additional shares of capital stock of the Company or any of its subsidiaries, or options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any shares of capital stock of the Company or any of its subsidiaries; (ii) there are no outstanding debt securities; (iii) there are no outstanding registration statements; and (iv) there are no agreements or arrangements under which the Company or any of its subsidiaries is obligated to register the sale of any of their securities under the Securities Act (except pursuant to this Agreement), and except for shares of current investors of the Company required to be registered pursuant to existing agreements with the Company, a true and complete schedule of which has been previously provided to the Investor. There are no securities or instruments containing anti-dilution or similar provisions that will be triggered by this Agreement or any related agreement or the consummation of the transactions described herein or therein. The Company has furnished or made available to the Investor true and correct copies of the Company's Certificate of Incorporation, as amended and as in effect on the date hereof (the "**Certificate of Incorporation**"), and the Company's By-laws, as in effect on the date hereof (the "**By-laws**"), and the terms of all securities convertible into or exercisable for Common Stock and the material rights of the holders thereof in respect thereto.

4.5 No Conflict. The execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby will not: (i) result in a violation of the Certificate of Incorporation, any certificate of designations of any outstanding series of Preferred Stock of the Company or By-laws; or (ii) conflict with or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its subsidiaries is a party, or result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations and the rules and regulations of the Principal Market on which the Common Stock is quoted) applicable to the Company or any of its subsidiaries or by which any material property or asset of the Company is bound or affected and which would cause a Material Adverse Effect. Except as disclosed in the SEC Documents, neither the Company nor its subsidiaries is in violation of any term of or in default under its Certificate of Incorporation or By-laws or their organizational charter or by-laws, respectively, or any material contract, agreement, mortgage, indebtedness, indenture, instrument, judgment, decree or order or any statute, rule or regulation applicable to the Company or its subsidiaries that would cause a Material Adverse Effect. The business of the Company and its subsidiaries is not being conducted in violation of any material law, ordinance or regulation of any governmental entity. Except as specifically contemplated by this Agreement and as required under the Securities Act and any applicable state securities laws, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court or governmental agency in order for it to execute, deliver or perform any of its obligations under or contemplated by this Agreement in accordance with the terms hereof or thereof. All consents, authorization, orders, filings and registrations which the Company is required to make or obtain pursuant to the preceding sentence have been obtained or effected on or prior to the date hereof. The Company and its subsidiaries are not aware of any fact or circumstance which might give rise to any of the foregoing.

4.6 No Default. Except as disclosed in the SEC Documents, the Company is not in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust or other material instrument or agreement to which it is a party or by which it is or its property is bound, and neither the execution, nor the delivery by the Company, nor the performance by the Company of its obligations under this Agreement or any of the exhibits or attachments hereto, will conflict with or result in the breach or violation of any of the terms or provisions of, or constitute a default or result in the creation or imposition of any lien or charge on any assets or properties of the Company, under its Certificate of Incorporation, By-Laws, any material indenture, mortgage, deed of trust or other material agreement applicable to the Company or instrument to which the Company is a party or by which it is bound, or any statute, or any decree, judgment, order, rules or regulation of any court or governmental agency or body having jurisdiction over the Company or its properties, in each case which default, lien or charge is likely to cause a Material Adverse Effect.

4.7 Intellectual Property Rights. The Company and its subsidiaries own or possess adequate rights or licenses to use all material trademarks, trade names, service marks, service mark registrations, service names, patents, patent rights, copyrights, inventions, licenses, approvals, governmental authorizations, trade secrets and rights necessary to conduct their respective businesses as now conducted. The Company and its subsidiaries do not have any knowledge of any infringement by the Company or its subsidiaries of trademark, trade name rights, patents, patent rights, copyrights, inventions, licenses, service names, service marks, service mark registrations, trade secret or other similar rights of others, and, to the knowledge of the Company, there is no claim, action or proceeding being made or brought against, or to the Company's knowledge, being threatened against the Company or its subsidiaries, regarding trademark, trade name, patents, patent rights, invention, copyright, license, service names, service marks, service mark registrations, trade secret or other infringement; and the Company is not aware of any facts or circumstances which might give rise to any of the foregoing.

4.8 Employee Relations. Neither the Company nor any of its subsidiaries is involved in any labor dispute nor, to the knowledge of the Company or any of its subsidiaries, is any such dispute threatened. None of the Company's or its subsidiaries' employees is a member of a union and the Company and its subsidiaries believe that their relations with their employees are good.

4.9 Environmental Laws. The Company and its subsidiaries are: (i) in compliance with any and all applicable material foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("**Environmental Laws**"); (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses; and (iii) are in compliance with all terms and conditions of any such permit, license or approval, in each case except where such noncompliance or nonreceipt would not, individually or in the aggregate, have a Material Adverse Effect.

4.10 Title. Except as set forth in the SEC Documents, the Company has good and marketable title to its properties and material assets owned by it, free and clear of any pledge, lien, security interest, encumbrance, claim or equitable interest, other than such as are not material to the business of the Company. Any real property and facilities held under lease by the Company and its subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and its subsidiaries.

4.11 Insurance. The Company and each of its subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company believes to be prudent and customary for similarly situated companies in the businesses in which the Company and its subsidiaries are engaged. The Company has not been refused any insurance coverage sought or applied for and the Company does not have any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect.

4.12 Regulatory Permits. The Company and its subsidiaries possess all material certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their respective businesses, and neither the Company nor any such subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit.

4.13 Internal Accounting Controls. The Company and each of its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

4.14 No Material Adverse Breaches, etc. Except as set forth in the SEC Documents, neither the Company nor any of its subsidiaries is subject to any charter, corporate or other legal restriction, or any judgment, decree, order, rule or regulation which, in the judgment of the Company's officers, has or is expected in the future to have a Material Adverse Effect on the Company or its subsidiaries, taken as a whole.

4.15 Absence of Litigation. Except as set forth in the SEC Documents, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending against or affecting the Company, the Common Stock or any of the Company's subsidiaries, wherein an unfavorable decision, ruling or finding would have a Material Adverse Effect.

4.16 Subsidiaries. Except as disclosed in the SEC Documents, the Company does not presently own or control, directly or indirectly, any interest in any other Person.

4.17 Tax Status. Except as disclosed in the SEC Documents, the Company and each of its subsidiaries has made or filed all foreign, federal and state income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject and (unless and only to the extent that the Company and each of its subsidiaries has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith, and the Company and its subsidiaries have set aside on their respective books provision reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim.

4.18 Certain Transactions. Except as set forth in the SEC Documents, none of the officers, directors, or employees of the Company is presently a party to any transaction with the Company (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any corporation, partnership, trust or other entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

4.19 The Shares. The Shares have been duly authorized and, when issued, delivered and paid for pursuant to this Agreement, will be validly issued and fully paid and non-assessable, free and clear of all liens, claims and encumbrances of any nature or kind, and will be issued in compliance with all applicable United States federal and state securities laws. The capital stock of the Company, including the Common Stock, shall conform in all material respects to the description thereof to be contained in the Registration Statement. Neither the stockholders of the Company, nor any other Person, have any preemptive rights or rights of first refusal with respect to the Shares or, except as set forth in the SEC Documents, other rights to purchase or receive any of the Shares or any other securities or assets of the Company, and no Person has the right, contractual or otherwise, to cause the Company to issue to it, or register pursuant to the Securities Act, any shares of capital stock or other securities or assets of the Company upon the issuance or sale of the Shares. The Company is not obligated to offer the Shares on a right of first refusal basis or otherwise to any third parties including, without limitation, to current or former shareholders of the Company, underwriters, brokers, or agents.

4.20 Dilution. The Company is aware and acknowledges that issuance of the Shares could cause dilution to existing shareholders and could significantly increase the outstanding number of shares of Common Stock.

4.21 Acknowledgment Regarding Investor's Purchase of Shares The Company acknowledges and agrees that the Investor is acting solely in the capacity of an arm's length investor with respect to this Agreement and the transactions contemplated hereunder. The Company further acknowledges that the Investor is not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to this Agreement and the transactions contemplated hereunder and any advice given by the Investor or any of its representatives or agents in connection with this Agreement and the transactions contemplated hereunder is merely incidental to the Investor's purchase of the Shares hereunder. The Company is aware and acknowledges that it may not be able to request Advances under this Agreement until a Registration Statement becomes effective, and only in compliance with the rules of the Principal Market. The Company further is aware and acknowledges that any fees paid or shares issued pursuant to Section 12.4 hereunder shall be earned as of the Effective Date and are not refundable or returnable under any circumstances.

ARTICLE V INDEMNIFICATION

The Investor and the Company covenant to the other the following with respect to itself:

5.1 Indemnification by the Company. In consideration of the Investor's execution and delivery of this Agreement, and in addition to all of the Company's other obligations under this Agreement, the Company shall, and does hereby agree to, defend, protect, indemnify and hold harmless the Investor, and all of the Investor's affiliates and subsidiaries, and each Person who controls the Investor within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, and the officers, directors, partners, members, employees and agents of each of them (collectively, the "**Investor Indemnitees**"), from and against any and all actions, causes of action, suits, claims, demands, threats and proceedings (collectively, the "**Claims**"), and the Company agrees to reimburse the Investor Indemnitees, or any of them, for any and all losses, costs, penalties, fees, liabilities, obligations, judgments, expenses, and damages, including, without limitation, reasonable attorneys' fees, paralegals' fees and other costs, expenses and disbursements reasonably incurred by the Investor Indemnitees, or any of them, in connection with investigating, defending or settling any such Claims, including such expenses incurred throughout all trial and appellate levels and administrative and bankruptcy proceedings (collectively, the "**Indemnified Liabilities**"), suffered or incurred by the Investor Indemnitees, or any of them, as a result of, or arising out of, or relating to: (a) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement for the registration of the Shares as originally filed or in any amendment thereof, or in any related prospectus, or in supplement, or in any amendment thereof or supplement thereto, or arising out of or which are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that the Company will not be liable in any such case to the extent that any such Indemnified Liabilities arise out of or are based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Investor specifically for inclusion therein; (b) any misrepresentation or breach of any representation or warranty made by the Company in this Agreement or any other certificate, instrument or document contemplated hereby or thereby; (c) any breach of any covenant, agreement or obligation of the Company contained in this Agreement or any other certificate, instrument or document contemplated hereby or thereby; and (d) any Claim brought or made against the Investor Indemnitees, or any of them, not arising out of any action or inaction of an Investor Indemnitee, and arising out of or resulting from the execution, delivery, performance or enforcement of this Agreement or any other instrument, document or agreement executed pursuant hereto or thereto by any of the Investor Indemnitees. To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities, which is permissible under applicable law.

5.2 Indemnification by Investor. In consideration of the Company's execution and delivery of this Agreement, and in addition to all of the Investor's other obligations under this Agreement, the Investor shall, and does hereby agree to, defend, protect, indemnify and hold harmless the Company, and all of the Company's subsidiaries, and each Person who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, and the officers, directors, partners, members, employees and agents of each of them (collectively, the "**Company Indemnitees**"), from and against any and all Claims, and the Investor agrees to reimburse the Company Indemnitees, or any of them, for any and all Indemnified Liabilities, suffered or incurred by the Company Indemnitees, or any of them, as a result of, or arising out of, or relating to: (a) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement for the registration of the Shares as originally filed or in any amendment thereof, or in any related prospectus, or in any amendment thereof or supplement thereto, or arising out of or which are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that any such untrue statement or alleged untrue statement or omission or alleged omission was in connection with information furnished to the Company by Investor specifically for inclusion therein; provided, however, that the Investor will not be liable in any such case to the extent that any such Indemnified Liabilities arise out of or are based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein by the Company; (b) any misrepresentation or breach of any representation or warranty made by the Investor in this Agreement or any other certificate, instrument or document contemplated hereby or thereby; (c) any breach of any covenant, agreement or obligation of the Investor contained in this Agreement or any other certificate, instrument or document contemplated hereby or thereby; and (d) any Claim brought or made against the Company Indemnitees, or any of them, not arising out of any action or inaction of a Company Indemnitee, and arising out of or resulting from the execution, delivery, performance or enforcement of this Agreement or any other instrument, document or agreement executed pursuant hereto or thereto by any of the Company Indemnitees. To the extent that the foregoing undertaking by the Investor may be unenforceable for any reason, the Investor shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities, which is permissible under applicable law.

5.3 Notice of Claim. For purposes of this Article V, a party that is subject to a Claim and entitled to indemnification hereunder is sometimes hereinafter referred to as the "**Indemnitee**," and the party having the obligation to indemnify the other is sometimes hereinafter referred to as the "**Indemnitor**." Promptly after receipt by an Indemnitee of notice of the commencement of any Claim involving an Indemnified Liability, such Indemnitee shall, if an Indemnified Liability in respect thereof is to be made against any Indemnitor, deliver to the Indemnitor a written notice of the commencement thereof; provided, however, that the failure to so notify the Indemnitor: (i) will not relieve the Indemnitor of liability under this Article V, unless and to the extent the Indemnitor did not otherwise learn of such Claim and such failure results in the forfeiture by the Indemnitor of substantial rights and defenses; and (ii) will not, in any event, relieve the Indemnitor from any obligations to the Indemnitee, other than those indemnity obligations provided in this Article V. In the case of parties indemnified pursuant to Section 5.1 above, counsel to the Indemnitee shall be selected by the Company, and, in the case of parties indemnified pursuant to Section 5.2 above, counsel to the Indemnitee shall be selected by the Investor. An Indemnitor may participate, at its own expense, in the defense of any such Claim; provided, however, that counsel to the Indemnitor shall not (except with the consent of the Indemnitee) also be counsel to the Indemnitee. In no event shall the Indemnitor be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all Indemnitees in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. The Indemnitee shall cooperate fully with the Indemnitor in connection with any negotiation or defense of any Claim, and the Indemnitee shall furnish to the Indemnitor all information reasonably available to the Indemnitee which relates to such Claim. The Indemnitor shall keep the Indemnitee fully apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. An Indemnitor will not, without the prior written consent of the Indemnitee, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened Claim in respect of which indemnification or contribution may be sought under this Agreement (whether or not the Indemnitees are actual or potential parties to such Claim) unless: (i) such settlement, compromise or consent includes an unconditional release of each Indemnitee from all liability arising out of such Claim; and (ii) such settlement, compromise or consent does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any Indemnitee. Following indemnification as provided for hereunder, the Indemnitor shall be subrogated to all rights of the Indemnitee with respect to all third parties, firms or corporations relating to the matter for which indemnification has been made.

5.4 Contribution. In the event that the indemnity provided in Section 5.1 or Section 5.2 is unavailable to or insufficient to hold harmless an Indemnitee for any reason, the Company and the Investor, as applicable, severally agree to contribute to the aggregate Indemnified Liabilities to which the Company and the Investor may be subject, as applicable, in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and by the Investor on the other from transactions contemplated by this Agreement. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the Company and the Investor severally shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and of the Investor on the other in connection with the statements or omissions which resulted in such Indemnified Liabilities as well as any other relevant equitable considerations. Benefits received by the Company shall be deemed to be equal to the total proceeds from the offering (net of underwriting discounts and commissions but before deducting expenses) received by it, and benefits received by the Investor shall be deemed to be equal to the total discounts received by the Investor. Relative fault shall be determined by reference to, among other things, whether any untrue or any alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information provided by the Company on the one hand or the Investor on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company and the Investor agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations referred to above. The aggregate amount of Indemnified Liabilities incurred by an Indemnitee and referred to above in this Article V shall be deemed to include any legal or other expenses reasonably incurred by such Indemnitee in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission. Notwithstanding the provisions of this Section 5.4, the Investor shall not be required to contribute any amount in excess of the amount by which the Purchase Price for Shares actually purchased pursuant to this Agreement exceeds the amount of any damages which the Investor has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. For purposes of this Article V, each Person who controls the Investor within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act and each director, officer, employee and agent of the Investor shall have the same rights to contribution as the Investor, and each Person who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, each officer of the Company who shall have signed the Registration Statement and each director of the Company shall have the same rights to contribution as the Company, subject in each case to the applicable terms and conditions of this Section 5.4.

5.5 Remedies. The remedies provided for in this Article V are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnitee.

5.6 Survival. The obligations of the parties to indemnify or make contribution under this Article V shall survive termination of this Agreement.

ARTICLE VI COVENANTS OF THE COMPANY

6.1 Registration Rights. The Company shall cause the Registration Rights Agreement to remain in full force and effect and the Company shall comply in all material respects with the terms thereof.

6.2 Listing of Common Stock. The Company shall maintain the Common Stock's authorization for quotation on a Principal Market, including the OTC Markets.

6.3 Exchange Act Registration. The Company will cause its Common Stock to continue to be registered under the Exchange Act, will file in a timely manner all reports and other documents required of it as a reporting company under the Exchange Act and will not take any action or file any document (whether or not permitted by Exchange Act or the rules thereunder) to terminate or suspend such registration or to terminate or suspend its reporting and filing obligations under said Exchange Act.

6.4 Transfer Agent Instructions. Not later than two (2) business days after each Advance Notice Date and prior to each Closing and the effectiveness of the Registration Statement and resale of the Common Stock by the Investor, the Company will deliver instructions to its transfer agent to issue shares of Common Stock free of restrictive legends.

6.5 Corporate Existence. The Company will take all steps necessary to preserve and continue the corporate existence of the Company.

6.6 Notice of Certain Events Affecting Registration: Suspension of Right to Make an Advance The Company will immediately notify the Investor upon its becoming aware of the occurrence of any of the following events in respect of a Registration Statement or related prospectus relating to an offering of Registrable Securities: (i) receipt of any request for additional information by the SEC or any other Federal or state governmental authority, during the period of effectiveness of the Registration Statement, for amendments or supplements to the Registration Statement or related prospectus; (ii) the issuance by the SEC or any other Federal or state governmental authority of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose; (iii) receipt of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; (iv) the happening of any event that makes any statement made in the Registration Statement or related prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in the Registration Statement, related prospectus or such other documents so that, in the case of the Registration Statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the related prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (v) the Company's reasonable determination that a post-effective amendment to the Registration Statement would be appropriate, in which event the Company will promptly make available to the Investor any such supplement or amendment to the Registration Statement and related prospectus. The Company shall not deliver to the Investor any Advance Notice during the continuation of any of the foregoing events.

6.7 Expectations Regarding Advance Notices. Within ten (10) days after the commencement of each calendar quarter occurring subsequent to the commencement of the Commitment Period, the Company must notify the Investor, in writing, as to its reasonable expectations as to the dollar amount it intends to raise during such calendar quarter, if any, through the issuance of Advance Notices. Such notification shall constitute only the Company's good faith estimate and shall in no way obligate the Company to raise such amount, or any amount, or otherwise limit its ability to deliver Advance Notices.

6.8 Intentionally Deleted.

6.9 Consolidation; Merger. The Company shall not, at any time after the Effective Date, effect any merger or consolidation of the Company with or into, or a transfer of all or substantially all the assets of the Company to, another entity (a "**Consolidation Event**"), unless the resulting successor or acquiring entity (if not the Company) assumes by written instrument the obligation to deliver to the Investor such shares of stock and/or securities as the Investor is entitled to receive pursuant to this Agreement.

6.10 Issuance of the Company's Common Stock. The sale of the shares of Common Stock by the Company to the Investor hereunder shall be made in accordance with the provisions and requirements of the Securities Act and Regulation D and any applicable state securities law.

6.11 Expenses. The Company, whether or not the transactions contemplated hereunder are consummated or this Agreement is terminated, will pay all expenses incident to the performance of its obligations hereunder, including, without limitation: (i) the preparation, printing and filing of the Registration Statement and each amendment and supplement thereto, of each related prospectus and of each amendment and supplement thereto; (ii) the preparation, issuance and delivery of any Shares issued pursuant to this Agreement; (iii) all fees and disbursements of the Company's counsel, accountants and other advisors; (iv) the qualification of the Shares under securities laws in accordance with the provisions of this Agreement, including filing fees in connection therewith; (v) the fees and expenses incurred in connection with the listing or qualification of the Shares for trading on the Principal Market; or (vi) filing fees of the SEC, the Principal Market and any other regulatory or governmental body or authority.

6.12 Compliance with Laws. The Company will not, directly or indirectly, take any action designed to cause or result in, or that constitutes or might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company or which caused or resulted in, or which would in the future reasonably be expected to cause or result in, stabilization or manipulation of the price of any security of the Company.

6.13 Opinion of Counsel. Prior to the date of the first Advance Notice, the Investor shall have received an opinion letter from counsel to the Company reasonably acceptable to the Investor, containing, at a minimum, the opinions set forth in Exhibit "C" attached hereto.

6.14 Review of Public Disclosures. None of the public disclosures made by the Company, including, without limitation, press releases, investor relations materials, and scripts of analysts meetings and calls will contain any untrue statements of material fact, nor will they omit to state any material fact required to be stated therein necessary to make the statements made in light of the circumstances under which they were made, not misleading.

6.15 Opinion of Counsel Concerning Resales Provided that the Investor's resale of Common Stock received pursuant to this Agreement may be freely sold by the Investor either pursuant to an effective Registration Statement, in accordance with Rule 144, or otherwise, the Company shall obtain for the Investor, at the Company's expense, any and all opinions of counsel which may be required by the Company's transfer agent to issue such shares free of restrictive legends, or to remove legends from such shares.

6.16 Sales. Without the written consent of the Investor, the Company will not, directly or indirectly, offer to sell, sell, contract to sell, grant any option to sell or otherwise dispose of any shares of Common Stock (other than the Shares offered pursuant to the provisions of this Agreement) or securities convertible into or exchangeable for Common Stock, warrants or any rights to purchase or acquire Common Stock, during the period beginning on the 5th Trading Day immediately prior to an Advance Notice Date and ending on the 2nd Trading Day immediately following the corresponding Advance Settlement Date.

6.17 Insider Trading. Notwithstanding any other provision of this Agreement, the Company shall not deliver an Advance Notice during any period in which the Investor is in possession of material non-public information.

6.18 Right of First Refusal.

(a) Offer Made. In the event that the Company receives a “Bona Fide Offer” (as hereinafter defined) pursuant to which the Company will issue any debt securities or pursuant to which the Company will borrow money from any other Person (whether secured or unsecured), and the Company desires to accept such Bona Fide Offer, the Company shall, prior to accepting the Bona Fide Offer, deliver written notice (the “**Offer Notice**”) to the Investor, offering the Investor the opportunity to purchase the debt securities or to otherwise lend money to the Company upon the terms and conditions set forth in the Bona Fide Offer. The Offer Notice shall contain a true and complete copy of the Bona Fide Offer and shall set forth all of the terms and conditions of such Bona Fide Offer including, without limitation, the name, address, telephone number, facsimile number and e-mail address of the proposed purchaser/lender and the detailed terms upon which such purchase of debt securities or loan would be made. The Investor shall have the right of first refusal (hereinafter referred to as the “**Right**”) to purchase the debt securities or to lend money to the Company upon the same terms and conditions set forth in the Offer Notice and as otherwise set forth below, which Right shall be exercisable during the time period and as more particularly set forth below.

(b) Right of the Investor. For a period of twenty (20) days after its receipt of an Offer Notice (the “**Exercise Period**”), the Investor shall have the exclusive right, at its sole option, to purchase the debt securities or to lend money to the Company upon the same terms set forth in the Offer Notice and otherwise upon the terms and conditions set forth below. The Company shall not sell any debt securities or borrow money from the Person who made the Bona Fide Offer, or any other Person, during the Exercise Period, except as provided below. If the Investor elects to exercise its Right, the Investor shall deliver written notice of such election to the Company (the “**Notice of Election**”) prior to 5:00 P.M., ET, on the last day of the Exercise Period. Failure by the Investor to give the Notice of Election prior to 5:00 P.M., ET, on the last day of the Exercise Period shall be deemed an election by the Investor not to exercise the Right.

(c) Closing on Exercise of Right. If the Investor shall have elected to exercise its Right, it shall provide in the Notice of Election a closing date and time for the closing of such Right, which closing date shall be no later than thirty (30) days after the expiration of the Exercise Period. The closing of the exercised Right shall occur on the date and at the time indicated in the Investor’s Notice of Election and shall be undertaken through overnight mail and otherwise in the manner in which the Investor customarily closes lending transactions, and shall be subject to such documentation and conditions as the Investor customarily uses for similar transactions, but otherwise upon the same terms set forth in the Offer Notice.

(d) Right to Proceed with Transaction. If the Investor elects within the Exercise Period not to exercise its Right, or the Investor is otherwise deemed to have elected not to exercise its Right, the Company shall have the right to accept the Bona Fide Offer in whole and to consummate the sale of its debt securities or to otherwise borrow money, but only: (i) in strict accordance with all of the provisions of the Bona Fide Offer; and (ii) if the transaction is fully consummated within thirty (30) days from the earlier to occur of: (A) the expiration of the Exercise Period; or (B) the date Investor notifies the Company of its election not to exercise its Right. The Company shall furnish such proof of the completion of the transaction contemplated by the Bona Fide Offer as the Investor may reasonably request.

(e) Reinstatement of Rights. If the Company has not consummated the transaction contemplated by the Bona Fide Offer by the end of the thirty (30)-day period set forth in Section 6.18(d) above, then all of the restrictions on and procedures relating to the Right set forth in this Agreement (including the obligation to again offer the Right to the Investor as herein provided) shall again come into effect with respect to any transaction involving the issuance of the Company's debt securities or pursuant to which the Company is borrowing money from any other Person.

(f) "Bona Fide Offer" Defined. The term "**Bona Fide Offer**" shall mean a bona fide offer, term sheet, letter of intent or other written document or instrument, signed by the proposed purchaser/lender, from an independent third party who is not an Affiliate of the Company and who is otherwise making the Bona Fide Offer in good faith and through arms-length negotiations.

(g) Duration of Right. The Right of Investor under this Section 6.18 shall be effective, in the case of any unsecured transactions, for a period of one (1) year from the Effective Date, and in the case of secured transactions, for a period of two (2) years from the Effective Date. The terms and provisions of this Section 6.18 shall survive termination of this Agreement.

ARTICLE VII CONDITIONS FOR ADVANCE AND CONDITIONS FOR CLOSING

The right of the Company to deliver an Advance Notice and the obligations of the Investor hereunder to acquire Shares and pay for Shares of the Company's Common Stock is subject to the satisfaction by the Company, on each Advance Notice Date and on each Advance Settlement Date (a "**Condition Satisfaction Date**"), of each of the following conditions:

7.1 Accuracy of the Company's Representations and Warranties. The representations and warranties of the Company shall be true and correct in all material respects.

7.2 Registration of the Common Stock with the SEC. The Company shall have filed with the SEC a Registration Statement with respect to the resale of the Registrable Securities in accordance with the terms of the Registration Rights Agreement. As set forth in the Registration Rights Agreement, the Registration Statement shall have been declared effective by the SEC and shall remain effective on each Condition Satisfaction Date, and: (i) neither the Company nor the Investor shall have received notice that the SEC has issued or intends to issue a stop order with respect to the Registration Statement, or that the SEC otherwise has suspended or withdrawn the effectiveness of the Registration Statement, either temporarily or permanently, or intends or has threatened to do so (unless the SEC's concerns have been addressed and the Investor is satisfied, in its sole discretion, that the SEC no longer is considering or intends to take such action); and (ii) no other suspension of the use or withdrawal of the effectiveness of the Registration Statement or related prospectus shall exist. The Registration Statement must have been declared effective by the SEC prior to the first Advance Notice Date.

7.3 Authority. The Company shall have obtained all permits and qualifications required by any applicable state for the offer and sale of the Shares, or shall have the availability of exemptions therefrom. The sale and issuance of the Shares shall be legally permitted by all laws and regulations to which the Company is subject.

7.4 No Material Notices. None of the following events shall have occurred and be continuing: (i) receipt by the Company of any request for additional information from the SEC or any other federal or state governmental, administrative or self regulatory authority during the period of effectiveness of the Registration Statement, the response to which would require any amendments or supplements to the Registration Statement or related prospectus; (ii) the issuance by the SEC or any other federal or state governmental authority of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose; (iii) receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; (iv) the occurrence of any event that makes any statement made in the Registration Statement or related prospectus, or any document incorporated or deemed to be incorporated therein by reference, untrue in any material respect or that requires the making of any changes in the Registration Statement, related Prospectus or documents so that, in the case of the Registration Statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the related prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under and as of the date which they were made, not misleading; and (v) the Company's reasonable determination that a post-effective amendment to the Registration Statement would be required.

7.5 Fundamental Changes. There shall not exist any fundamental changes to the information set forth in the Registration Statement which would require the Company to file a post-effective amendment to the Registration Statement.

7.6 Performance by the Company. The Company shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Company at or prior to each Condition Satisfaction Date.

7.7 No Injunction. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction that prohibits or directly and adversely affects any of the transactions contemplated by this Agreement, and no proceeding shall have been commenced that may have a Material Adverse Effect.

7.8 No Suspension of Trading in or Delisting of Common Stock The Common Stock is trading on a Principal Market and all of the Shares issuable pursuant to such Advance Notice will be listed or quoted for trading on such Principal Market and the Investor believes, in good faith, that trading of the Common Stock on a Principal Market will continue uninterrupted for the foreseeable future. The issuance of Shares with respect to the applicable Advance Notice will not violate the shareholder approval requirements of the Principal Market. The Company shall not have received any notice threatening the continued listing of the Common Stock on the Principal Market.

7.9 Authorized. There shall be a sufficient number of authorized but unissued and otherwise unreserved shares of Common Stock for the issuance of all of the Shares issuable pursuant to such Advance Notice.

7.10 Executed Advance Notice. The Investor shall have received the Advance Notice executed by an officer of the Company and the representations contained in such Advance Notice shall be true and correct as of each Condition Satisfaction Date.

7.11 Consecutive Advance Notices. Except with respect to the first Advance Notice, the Company shall have delivered all Shares relating to all prior Advances.

ARTICLE VIII
DUE DILIGENCE REVIEW: NON-DISCLOSURE OF NON-PUBLIC INFORMATION

8.1 Due Diligence Review. Prior to the filing of the Registration Statement, the Company shall make available for inspection and review by the Investor, advisors to and representatives of the Investor and any underwriter participating in any disposition of the Registrable Securities on behalf of the Investor pursuant to the Registration Statement, any such Registration Statement or amendment or supplement thereto, or any blue sky, NASD, FINRA, or other filing, all financial and other records, all SEC Documents and other filings with the SEC, and all other corporate documents and properties of the Company as may be reasonably necessary or required by the Investor and any such advisors, representatives and underwriters, and cause the Company's officers, directors and employees to supply all such information requested by the Investor or any such representative, advisor or underwriter in connection with such Registration Statement (including, without limitation, in response to all questions and other inquiries reasonably made or submitted by any of them), prior to and from time to time after the filing and effectiveness of the Registration Statement, for the sole purpose of enabling the Investor and such representatives, advisors and underwriters and their respective accountants and attorneys to conduct initial and ongoing due diligence with respect to the Company and the accuracy of the Registration Statement.

8.2 Company Non-Public Information.

(a) Nothing herein shall require the Company to disclose non-public information to the Investor or its advisors or representatives, unless prior to disclosure of such information, the Company identifies such information as being non-public information and provides the Investor, such advisors and representatives with the opportunity to accept or refuse to accept such non-public information for review. The Company may, as a condition to disclosing any non-public information hereunder, require the Investor and its advisors and representatives to enter into a confidentiality agreement in form reasonably satisfactory to the Company and the Investor. Notwithstanding anything contained herein or in the registration Rights Agreement to the contrary, the Company shall not deliver or disclose any material non-public information to the Investor during the time when an Advance Notice is outstanding.

(b) The Company represents that it does not disseminate non-public information in violation of the Exchange Act or Securities Act to any investors who purchase stock in the Company in a public offering, to money managers or to securities analysts, provided, however, that notwithstanding anything herein to the contrary, the Company will immediately notify the advisors and representatives of the Investor and, if any, underwriters, of any event or the existence of any circumstance (without any obligation to disclose the specific event or circumstance) of which it becomes aware, constituting non-public information (whether or not requested of the Company specifically or generally during the course of due diligence by such persons or entities), which, if not disclosed in the prospectus included in the Registration Statement would cause such prospectus to include a material misstatement or to omit a material fact required to be stated therein in order to make the statements therein, in light of the circumstances in which they were made, not misleading. Nothing contained in this Article VIII shall be construed to mean that such persons or entities other than the Investor (without the written consent of the Investor prior to disclosure of such information) may not obtain non-public information in the course of conducting due diligence in accordance with the terms of this Agreement and nothing herein shall prevent any such persons or entities from notifying the Company of their opinion that based on such due diligence by such persons or entities, that the Registration Statement contains an untrue statement of material fact or omits a material fact required to be stated in the Registration Statement or necessary to make the statements contained therein, in light of the circumstances in which they were made, not misleading.

ARTICLE IX
CHOICE OF LAW/JURISDICTION

This Agreement shall be governed by and interpreted in accordance with the laws of the State of Nevada, without regard to the principles of conflict of laws. The parties further agree that any action between them shall be heard in a federal or state court in Clark County, Nevada, and expressly consent to the jurisdiction and venue of the state courts sitting in Clark County, Nevada and the United States District Court for the District of Nevada, for the adjudication of any civil action asserted pursuant to this paragraph; provided, however, nothing contained herein shall limit the Investor's ability to bring suit or enforce this Agreement in any other jurisdiction.

ARTICLE X
ASSIGNMENT; TERMINATION

10.1 Assignment. Neither this Agreement nor any rights of the parties hereto may be assigned or delegated to any other Person.

10.2 Termination.

(a) This Agreement and the obligations of Investor to make Advances hereunder shall terminate on the earlier to occur of: (i) twenty-four (24) months after the Registration Statement is declared effective; or (ii) six (6) months after the "Late Effective Deadline" (as such term is defined in the Registration Rights Agreement), if the Registration Statement has not been declared effective by such date.

(a) This Agreement and the obligation of the Investor to make an Advance to the Company pursuant to this Agreement shall terminate permanently (including with respect to an Advance Settlement Date that has not yet occurred) in the event that: (i) there shall occur any stop order or suspension of the effectiveness of the Registration Statement for an aggregate of fifty (50) Trading Days, other than due to the acts of the Investor, during the Commitment Period (provided, however, that this termination provision shall not apply to any period commencing upon the filing of a post-effective amendment to such Registration Statement and ending upon the date on which such post-effective amendment is declared effective by the SEC); or (ii) the Company shall at any time fail to comply with any of the terms, covenants or provisions of this Agreement or the Registration Rights Agreement on the part of the Company to comply with, and such failure is not cured within twenty (20) days after receipt of written notice from the Investor.

(b) Nothing in this Section 10.2 shall be deemed to release the Company from any liability for any breach under this Agreement, or to impair the rights of the Investor to compel specific performance by the Company of its obligations under this Agreement or the Registration Rights Agreement. The indemnification provisions contained in Article V shall survive termination hereunder.

ARTICLE XI
NOTICES

Any notices, consents, waivers, or other communications required or permitted to be given under the terms of this Agreement must be in writing and in each case properly addressed to the party to receive the same in accordance with the information below, and will be deemed to have been delivered: (i) if mailed by certified mail, return receipt requested, postage prepaid and properly addressed to the address below, then three (3) business days after deposit of same in a regularly maintained U.S. Mail receptacle; or (ii) if mailed by Federal Express, UPS or other nationally recognized overnight courier service, next business morning delivery, then one (1) business day after deposit of same in a regularly maintained receptacle of such overnight courier; or (iii) if hand delivered, then upon hand delivery thereof to the address indicated on or prior to 5:00 p.m., EST, on a Trading Day. Any notice hand delivered after 5:00 p.m., EST, shall be deemed delivered on the following Trading Day. Notwithstanding the foregoing, notice, consents, waivers or other communications referred to in this Agreement may be sent by facsimile, e-mail, or other method of delivery, but shall be deemed to have been delivered only when the sending party has confirmed (by reply e-mail or some other form of written confirmation from the receiving party) that the notice has been received by the other party. The addresses and facsimile numbers for such communications, except for Advance Notices which shall be delivered in accordance with Section 2.1(b) hereof, shall be:

If to the Company, to:

Ace Marketing & Promotions, Inc.
600 Old Country Road, Suite 541
Garden City, New York 11530
Attention: Mr. Dean Julia, CEO
Telephone: _____
Facsimile: _____
E-Mail: _____

With a copy to:
(which shall not constitute notice)

Lucosky Brookman LLP
33 Wood Avenue South, 6th Floor
Iselin, New Jersey 08830
Attention: Joseph Lucosky, Esq.
Telephone: (732) 395-4400
Facsimile: (732) 395-4401
E-Mail: jlucosky@lucbro.com

With a copy to:
(which shall not constitute notice)

Steven Morse, Esq.
Morse & Morse, PLLC
1400 Old Country Road, Suite 302
Westbury, NY 11590
Phone: (516) 487-1446
Fax: (516) 487-1452
Email: morgold@aol.com

If to the Investor:

TCA Global Credit Master Fund, LP
1404 Rodman Street
Hollywood, Florida 33020
Attention: Robert Press, Director
Telephone: (786) 323-1650
Facsimile: (786) 323-1651
E-Mail: bpress@trafcap.com

With a copy to:
(which shall not constitute notice)

David Kahan, P.A.
6420 Congress Ave., Suite 1800
Boca Raton, Florida 33487
Telephone: (561) 672-8330
Facsimile: (561) 672-8301
E-Mail: david@dkpalaw.com

ARTICLE XII
MISCELLANEOUS

12.1 Execution; Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall be deemed and considered one and the same Agreement, and same shall become effective when counterparts have been signed by each party and each party has delivered its signed counterpart to the other party. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format file or other similar format file, such signature shall be deemed an original for all purposes and shall create a valid and binding obligation of the party executing same with the same force and effect as if such facsimile or “.pdf” signature page was an original thereof.

12.2 Entire Agreement; Amendments. This Agreement, together with the Registration Rights Agreement, supersedes all other prior oral or written agreements between the Investor, the Company, their affiliates and Persons acting on their behalf with respect to the matters discussed herein, and this Agreement, and the instruments referenced herein, including the Registration Rights Agreement, contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, the Investor makes no representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be waived or amended other than by an instrument in writing signed by the party to be charged with enforcement.

12.3 Reporting Entity for the Common Stock. The reporting entity relied upon for the determination of the trading price or trading volume of the Common Stock on any given Trading Day for the purposes of this Agreement shall be Bloomberg, L.P. or any successor thereto. The written mutual consent of the Investor and the Company shall be required to employ any other reporting entity.

12.4 Fees.

(a) Legal and Administrative Fee. Each of the parties shall pay its own fees and expenses (including the fees of any attorneys, accountants, appraisers or others engaged by such party) in connection with this Agreement and the transactions contemplated hereby, except that the Company shall pay to Investor, upon the execution of this Agreement by the Company, a fee of \$12,500 to cover the Investor's legal and administrative costs and expenses in connection this Agreement, less any portion thereof previously paid by the Company and received by Investor.

(b) Due Diligence Fees. The Company shall pay to Investor, upon execution of this Agreement by the Company, a fee of \$12,500 to cover the Investor's due diligence costs and expenses in connection this Agreement, less any portion thereof previously paid by the Company and received by Investor.

(c) Advance Fee. On each Advance Settlement Date, the Company shall pay to the Investor the Advance Fee with respect to each Advance made hereunder, which Advance Fee shall be deducted by Investor out of the gross proceeds of each Advance.

(d) Facility Fee.

(i) Share Issuance. The Company shall pay to Investor a fee for investment banking services provided by the Investor to the Company prior to the Effective Date by issuing to Investor that number of shares of the Company's Common Stock that equal to a dollar amount equal to \$100,000.00 (the "**Share Value**"). For purposes of determining the number of shares issuable to Investor under this Section 12.4(d) (the "**Facility Fee Shares**"), the Company's Common Stock shall be valued at the VWAP as of the close of the business day immediately prior to the Effective Date (the "**Valuation Date**"). The Investor shall confirm to the Company in writing, the VWAP for the Common Stock as of the Valuation Date, and the corresponding number of Shares issuable to the Investor based on such price. The Company shall instruct its transfer agent to issue certificates representing the Facility Fee Shares issuable to the Investor immediately upon the Company's execution of this Agreement, and shall cause its transfer agent to deliver such certificates to Investor within three (3) Trading Days from the Effective Date. In the event such certificates representing the Facility Fee Shares issuable hereunder shall not be delivered to the Investor within said three (3) Trading Day period, same shall be an immediate default under this Agreement and Investor shall have no obligation to make any Advances hereunder until such default is cured. The Facility Fee Shares, when issued, shall be deemed to be validly issued, fully paid, and non-assessable shares of the Company's Common Stock. The Facility Fee Shares shall be deemed fully earned as of the Effective Date, regardless of the amount of Advances, if any, that the Company is able to, or chooses to, request hereunder.

(ii) Adjustments. It is the intention of the Company and Investor that by a date that is nine (9) months after the Valuation Date (the "**Nine Month Valuation Date**") the Investor shall have generated net proceeds from the sale of the Facility Fee Shares equal to the Share Value. The Investor shall have the right to sell the Facility Fee Shares in the Principal Trading Market or otherwise, at any time in accordance with applicable securities laws. At any time the Investor may elect after the Nine Month Valuation Date (or prior to such Nine Month Valuation Date, if Investor has sold all Facility Fee Shares prior to such Nine Month Valuation Date), the Investor may deliver to the Company a reconciliation statement showing the net proceeds actually received by the Investor from the sale of the Facility Fee Shares (the "**Sale Reconciliation**"). If, as of the date of the delivery by Investor of the Sale Reconciliation, the Investor has not realized net proceeds from the sale of such Facility Fee Shares equal to at least the Share Value, as shown on the Sale Reconciliation, then the Company shall immediately take all required action necessary or required in order to cause the issuance of additional shares of Common Stock to the Investor in an amount sufficient such that, when sold and the net proceeds thereof are added to the net proceeds from the sale of any of the previously issued and sold Facility Fee Shares, the Investor shall have received total net funds equal to the Share Value. If additional shares of Common Stock are issued pursuant to the immediately preceding sentence, and after the sale of such additional issued shares of Common Stock, the Investor still has not received net proceeds equal to at least the Share Value, then the Company shall again be required to immediately take all required action necessary or required in order to cause the issuance of additional shares of Common Stock to the Investor as contemplated above, and such additional issuances shall continue until the Investor has received net proceeds from the sale of such Common Stock equal to the Share Value. In the event the Investor receives net proceeds from the sale of Facility Fee Shares equal to the Share Value, and the Investor still has Facility Fee Shares remaining to be sold, the Investor shall return all such remaining Facility Fee Shares to the Company. In the event additional Common Stock is required to be issued as outlined above, the Company shall instruct its transfer agent to issue certificates representing such additional shares of Common Stock to the Investor immediately subsequent to the Investor's notification to the Company that additional shares of Common Stock are issuable hereunder, and the Company shall in any event cause its transfer agent to deliver such certificates to Investor within three (3) business days following the date Investor notifies the Company that additional shares of Common Stock are to be issued hereunder. In the event such certificates representing such additional shares of Common Stock issuable hereunder shall not be delivered to the Investor within said three (3) business day period, same shall be an immediate default under this Agreement and the Transaction Documents and Investor shall have no obligation to make any Advances hereunder until such default is cured. Notwithstanding anything contained in this Section 12.4 to the contrary, at any time on or prior to the Nine Month Valuation Date, but not thereafter (unless agreed to by the Investor), the Company shall have the right, at any time during such period, to redeem any Facility Fee Shares then in the Investor's possession for an amount payable by the Company to Investor in cash equal to the Share Value, less any net cash proceeds received by the Investor from any previous sales of Facility Fee Shares. Upon Investor's receipt of such cash payment in accordance with the immediately preceding sentence, the Investor shall return any then remaining Facility Fee Shares in its possession back to the Company.

12.5 Brokerage. Each of the parties hereto represents that it has had no dealings in connection with this transaction with any finder or broker who will demand payment of any fee or commission from the other party. The Company on the one hand, and the Investor, on the other hand, agree to indemnify the other against and hold the other harmless from any and all liabilities to any person claiming brokerage commissions or finder's fees on account of services purported to have been rendered on behalf of the indemnifying party in connection with this Agreement or the transactions contemplated hereby.

12.6 Confidentiality. If for any reason the transactions contemplated by this Agreement are not consummated, each of the parties hereto shall keep confidential any information obtained from any other party (except information publicly available or in such party's domain prior to the Effective Date, and except as required by court order) and shall promptly return to the other parties all schedules, documents, instruments, work papers or other written information without retaining copies thereof, previously furnished by it as a result of this Agreement or in connection herein.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

COMPANY:

ACE MARKETING & PROMOTIONS, INC.

By: _____

Name: _____

Title: _____

INVESTOR:

TCA GLOBAL CREDIT MASTER FUND, LP

By: TCA Global Credit Fund GP, Ltd., its general partner

By: _____

Name: _____

Title: _____

EXHIBIT "A"

FORM OF ADVANCE NOTICE

[ACE MARKETING & PROMOTIONS, INC. LETTERHEAD]

The undersigned, _____, hereby certifies, with respect to the sale of shares of Common Stock of Ace Marketing & Promotions, Inc. (the "Company") issuable in connection with this Advance Notice, which Advance Notice is being delivered pursuant to the Committed Equity Facility between the Company and TCA Global Credit Master Fund, LP dated as of May ____, 2012 (the "Agreement"), as follows:

1. The undersigned is the duly elected _____ of the Company.

2. There are no fundamental or material changes to the information set forth in the Registration Statement which would require the Company to file a post-effective amendment to the Registration Statement.

3. The Company has performed all of the covenants and agreements to be performed by the Company under the Agreement, and the Company has complied in all material respects with all obligations and conditions contained in the Agreement on or prior to the Advance Notice Date, and the Company shall continue to perform and comply with all covenants and agreements to be performed by the Company through the applicable Advance Settlement Date. All conditions under the Agreement to the delivery of this Advance Notice are satisfied as of the date hereof. Since the date of the Company's last financial statements, there has been no Material Adverse Change.

4. The undersigned hereby represents, warrants and covenants that it has made all filings ("SEC Filings") required to be made by it pursuant to applicable securities laws (including, without limitation, all filings required under the Securities Exchange Act of 1934). All SEC Filings and other public disclosures made by the Company, including, without limitation, all press releases, analysts meetings, calls, etc. (collectively, the "Public Disclosures"), have been reviewed and approved for release by the Company's attorneys or general counsel and, if containing financial information, the Company's independent certified public accountants. None of the Company's Public Disclosures contain any untrue statement of a material fact, or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

5. The Advance requested by this Advance Notice is for the sale of _____ Shares.

6. 9.99% of the outstanding Common Stock of the Company as of the date hereof is _____.

7. The sale of the number of Shares requested by this Advance Notice does not exceed the Ownership Limitation, the Registration Limitation, the Maximum Advance Amount or the Commitment Amount.

The undersigned has executed this Advance Notice as of the ____ day of _____, 20__.

ACE MARKETING & PROMOTIONS, INC.

By: _____
Name: _____
Title: _____

Please deliver this Advance Notice by mail, e-mail or facsimile with a follow up phone call to:

EXHIBIT "B"

FORM OF SETTLEMENT DOCUMENT

Via E-Mail and Facsimile

Ace Marketing & Promotions, Inc.
Attn: CEO
Fax: _____
E-Mail: _____

Below please find the settlement information with respect to the Advance Notice dated: _____

1.	(a) Amount of Advance Notice:	\$
	(b) Amount of Advance Notice after adjusting for Ownership Limitation, Registration Limitation, Maximum Advance Amount and Committed Amount, if applicable:	\$
2.	Market Price: (VWAP of the Common Stock during the relevant Pricing Period of _____ to _____).	\$
3.	Purchase Price (Market Price X 95%) per share:	\$
4.	Number of Shares due to Investor computed by dividing 1(b) above by 3 above:	

Please issue the number of Shares due to the Investor to the account of the Investor as follows:

Sincerely,

TCA Global Credit Master Fund, LP

Approved by:

ACE MARKETING & PROMOTIONS, INC.

By: _____
Name: _____
Title: _____

EXHIBIT "C"

REQUIRED OPINIONS

1. The Company is a corporation validly existing and in good standing under the laws of Delaware, with corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Company's latest Form 10-K or 10-Q (or similar form for filing a quarterly or annual report) filed by the Company under the Securities Exchange Act of 1934, as amended, (the "**Exchange Act**") and the rules and regulations of the SEC thereunder (the "**Public Filings**") and to enter into and perform its obligations under the Committed Equity Facility Agreement (the "**Agreement**"). The Company is also duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which the nature of the business conducted by it as described in the Public Filings makes such qualification necessary.

2. The Company has the requisite corporate power and authority to enter into and perform its obligations under the Agreement and to issue the Shares in accordance with their terms. The execution and delivery of the Agreement by the Company and the consummation by it of the transactions contemplated thereby have been duly authorized by all necessary corporate action, and no further consent or authorization of the Company or its Board of Directors or stockholders is required. The Agreement, and each document executed or delivered in connection therewith, has each been duly executed and delivered, and the Agreement, and each document executed or delivered in connection therewith, each constitutes valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of creditors' rights and remedies.

3. The Shares are duly authorized and, upon issuance in accordance with the terms of the Agreement, will be duly and validly issued, fully paid and non-assessable, free of any liens, encumbrances and preemptive or similar rights contained, to our knowledge, in any agreement filed by the Company as an exhibit to the Company's Public Filings.

4. The execution, delivery and performance of the Agreement by the Company will not: (i) result in a violation of the Company's Certificate of Incorporation or By-Laws; (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement or, indenture by which the Company or any of its assets or properties is bound, including, without limitation, and agreement or document filed by the Company as an exhibit to the Company's Public Filings; or (iii) to our knowledge, result in a violation of any foreign, federal, state or local law, rule or regulation, order, judgment or decree applicable to the Company.

5. To our knowledge, and other than as set forth in the Public Filings, there are no legal or governmental proceedings pending to which the Company is a party or of which any property or assets of the Company is subject which is required to be disclosed in any Public Filings.