

(b) any misrepresentation, omission, or breach of any representation or warranty on the part of Buyer under this Agreement; and

(c) any non-fulfillment or breach of any covenant or agreement on the part of Buyer or Alexander under this Agreement.

10.2 Third-Party Claims. In the event that Seller becomes aware of a third-party claim which Seller believes gives rise to indemnification under this Article 10, Seller shall promptly notify Buyer of such claim, and Buyer shall be entitled, at its expense, to participate in any defense of such claim; *provided, however*, that the failure to give prompt notice shall not affect the indemnification provided hereunder except to the extent Buyer has been actually prejudiced as a result of such failure. Seller shall have the right in its sole reasonable discretion to settle any such claim; *provided, however*, that Seller may not effect the settlement of any such claim without the consent of Buyer, which consent shall not be unreasonably withheld. In the event that Buyer has consented to any such settlement, Buyer shall have no power or authority to object to any claim by Seller for indemnity in the amount of such settlement.

10.3 Exclusive Remedy. Seller acknowledges and agrees that its sole and exclusive remedy with respect to any and all claims relating to the subject matter of this Agreement shall be pursuant to the indemnification provisions set forth in this Article 10.

## 11. TERMINATION OF AGREEMENT.

11.1 In General. This Agreement may be terminated at any time prior to the Closing Date as follows:

(a) By mutual consent of Buyer and Seller.

(b) By Buyer giving written notice to Seller if Seller or Beaty is in breach, or by Seller giving written notice to Buyer if Buyer is in breach, in any material respect, of any representation, warranty, covenant or agreement contained in this Agreement or any instrument executed in connection herewith, if such breach is not cured within 15 days of such notice.

(c) By Buyer or Seller if the Closing does not occur on or before October 31, 2009;

(d) By Buyer or Seller if the parties fail to agree on a reduction of the Purchase Price required in accordance with Section 2.2(b)(ii).

11.2 Effect of Termination. In the event of termination of this Agreement as provided in Section 11.1, this Agreement shall forthwith become void, and there shall be no liability or obligation on the part of the parties, except to the extent that such termination results from fraud; *provided* that the provisions of Sections 7.9 and 8.2 (Confidentiality), this Section 11.2, and Article 12 shall remain in full force and effect and survive any termination of this Agreement.

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## 12. MISCELLANEOUS.

12.1 Survival. All representations and warranties contained herein, and all other written representations and warranties of Buyer and Seller contained in the instruments executed in connection with the consummation of the transactions provided for herein, and all associated rights to indemnification hereunder, shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and shall continue in effect until the two-year anniversary of the Closing Date; *provided, however*, that the foregoing shall not bar the parties hereto, and their respective successors and assigns, from asserting at any time thereafter any cause of action based on (a) the untruth, inaccuracy or breach of any representation or warranty of Seller contained in Section 3.3 (Corporate Power and Authority) or Section 3.6 (Title to Property) or (b) the untruth, inaccuracy or breach of any other representation or warranty made herein or in any statement, certificate or schedule furnished hereunder with an intent to deceive or defraud or with reckless disregard for the truth or accuracy thereof, which causes of action identified in clauses (a) and (b) above shall survive the Closing for a period of five years. Each covenant and agreement (other than representations and warranties) contained in this Agreement or in any instrument executed in connection herewith, and all associated rights to indemnification, shall survive the Closing and shall continue in full force thereafter until all liability hereunder relating thereto is barred by all applicable statutes of limitation. In no case shall the expiration of the representations, warranties, covenants or agreements affect any claim for misrepresentation, breach or nonperformance thereof or default thereunder if written notice of such misrepresentation, breach, nonperformance or default is given prior to the expiration of the applicable survival period.

12.2 Assignment. This Agreement may not be assigned by any party hereto without the prior written consent of the other party. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and permitted assigns, and except as set forth in Section 9.1, no person, firm or corporation other than the parties hereto, their successors and permitted assigns, shall acquire or have any rights under or by virtue of this Agreement.

12.3 Further Assurances. From time to time after the Closing, at the request of Buyer and without further consideration, Seller shall execute and deliver such other instruments of transfer and take such other actions as Buyer may reasonably require to transfer the Acquired Assets to, and vest title to the Acquired Assets in, Buyer, and to put Buyer in possession of the Acquired Assets.

12.4 Public Announcement. Except for required filings in connection with the Required Approvals, any and all public announcements of any kind or nature whatsoever concerning the transactions contemplated hereby shall require the prior approval of Buyer and Seller.

12.5 Entire Agreement. This Agreement, including the exhibits and schedules attached to this Agreement, constitutes the entire agreement and understanding among Buyer, Seller, Beaty and Alexander with respect to the sale and purchase of the Acquired

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Assets and the other transactions contemplated by this Agreement. All prior representations, understandings and agreements among the parties with respect to the purchase and sale of the Acquired Assets and the other transactions contemplated by this Agreement are superseded by the terms of this Agreement.

12.6 Amendment and Waiver. Any provision of this Agreement may be amended or waived only by a writing signed by the party against which enforcement of the amendment or waiver is sought.

12.7 Governing Law; Venue. This Agreement shall be governed by, enforced in accordance with, and interpreted under, the laws of the State of Colorado, without giving effect to conflict of laws rules and principles. Each party hereto hereby agrees and consents to be subject to the exclusive jurisdiction of the federal or state courts located in Denver County, State of Colorado, which courts shall also be the exclusive venue, in any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby.

12.8 Expenses. Each party shall pay all of the costs and expenses incurred by it in negotiating and preparing this Agreement (and all other agreements, certificates, instruments and documents executed in connection herewith), in performing its obligations under this Agreement, and in otherwise consummating the transactions contemplated by this Agreement, including without limitation its attorneys' fees and accountants' fees.

12.9 Notices. All notices given pursuant to this Agreement shall be in writing and shall be delivered by hand or sent by United States registered mail, postage prepaid, addressed as follows (or to another address or person as a party hereto may specify by notice to the other):

(i) If to Seller and Beaty:

Impact Telecom Inc.  
9250 E. Costilla Ave., Suite 400  
Greenwood Village, CO 80112  
Attn: Robert Beaty  
Fax: (303) 779 0500  
E-mail: bbeaty@impacttelecom.net

(ii) If to Buyer:

Liberty-Bell Telecom, LLC  
2460 West 26th Avenue, Suite 380-C  
Denver, Colorado 80211  
Attn: Nigel Alexander  
Fax: (303) 312-3501  
E-mail: nalexander@libertybelltelecom.com

*Handwritten initials: "N" and "RB"*

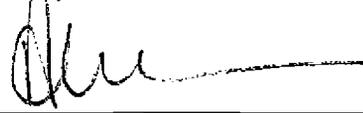
12.10 Severability. The provisions of this Agreement shall, where possible, be interpreted so as to sustain their legality and enforceability, and for that purpose the provisions of this Agreement shall be read as if they cover only the specific situation to which they are being applied. The invalidity or unenforceability of any provision of this Agreement in a specific situation shall not affect the validity or enforceability of that provision in other situations or of any other provisions of this Agreement.

12.11 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be considered an original, and all of which shall together constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

**BUYER:**

Liberty-Bell Telecom, LLC



By: Nigel V. Alexander  
Its: Manager

**SELLER:**

Impact Telecom Inc.



By: Robert Beaty  
Its: President

Solely with respect to Sections 7.10, 8.1 and 8.2:

**BEATY:**

  
Robert Beaty

Solely with respect to Section 2.2 (a)(iii)



**ALEXANDER:**

A handwritten signature in black ink, appearing to read 'Nigel V. Alexander', written over a horizontal line.

By: Nigel V. Alexander

**Exhibit A**

**Form of Unsecured Promissory Note**

BB

## PROMISSORY NOTE

\$200,000.00

[\_\_\_\_\_], 2009

FOR VALUE RECEIVED, Liberty Bell Telecom, LLC, a Colorado limited liability company with the principal office address at 2460 West 26<sup>th</sup> Avenue, Suite 380-C, Denver, Colorado 80211 ("Maker"), hereby promises to pay to the order of Impact Telecom Inc., a Nevada corporation with the principal office address at 9250 E. Costilla Avenue, Suite 400, Greenwood Village, Colorado 80112, or its successors and assigns (who, together with any subsequent holder of this Promissory Note (this "Note"), is hereinafter referred to as "Payee"), or at such other address as may hereafter be designated in writing by Payee, the principal sum of TWO HUNDRED THOUSAND AND NO/100THS DOLLARS (\$200,000.00), together with interest thereon, as hereinafter set forth, in lawful money of the United States of America.

This Note is entered into in connection with that certain Asset Purchase Agreement, dated as of August 14, 2009, between Maker and Payee (the "Asset Purchase Agreement").

Interest shall accrue on the principal balance outstanding from time to time under this Note at twelve percent (12%) per annum. Interest shall be computed on the basis of a year of 365 days for the actual number of days elapsed. Principal and accrued interest thereon shall be payable in five equal quarterly installments of \$40,000, plus accrued interest thereon, on the following dates: December 31, 2009, March 31, 2010, June 30, 2010, September 30, 2010 and December 31, 2010. Any remaining outstanding principal and accrued unpaid interest on this Note shall be due and payable on December 31, 2010 (the "Maturity Date").

This Note may be prepaid in whole or in part without limitation or penalty at any time prior to the Maturity Date. All payments hereunder, including prepayments, shall be applied as follows: first, to the payment of any accrued interest hereunder; and second, to payment of principal.

Maker shall be in default with respect to this Note upon Maker's violation or breach of any provision of this Note, including the failure of Maker to timely pay or perform in full any of Maker's obligations under this Note and a failure to cure such default within thirty (30) days of receiving notice thereof. Upon the occurrence of an event of default hereunder, the entire balance of principal, accrued interest, and other sums owing hereunder shall, at the option of Payee, become immediately due and payable.

Maker hereby (a) waives presentment, demand, protest, notice of protest and/or dishonor, and all other demands or notices of any sort whatsoever with respect to this Note, and (b) agrees to pay all reasonable costs and expenses, including reasonable attorneys' fees and expenses, which may be incurred by Payee in the collection of this Note.

The provisions of this Note are hereby expressly limited so that in no contingency or event whatsoever shall the amount paid, or agreed to be paid, to Payee for the use, forbearance, or detention of the money to be loaned hereunder exceed the maximum amount permissible under applicable law. If from any circumstance whatsoever, the performance or fulfillment of

any provision hereof shall, at the time performance or fulfillment of such provision is due, involve or purport to require any payment in excess of the limits prescribed by law, then the obligation to be performed or fulfilled is hereby reduced to the limit of such validity, and if from any circumstance whatsoever Payee should ever receive as interest an amount which would exceed the highest lawful rate, the amount which would be excessive interest shall be applied to the reduction of the principal balance owing hereunder (or, at Payee's option, be paid over to Maker) and shall not be counted as interest.

If any provision hereof is, for any reason, found invalid or unenforceable, then neither the remainder of this Note, nor the application of the provision to other persons, entities, or circumstances, shall be affected thereby, but instead shall be enforceable to the maximum extent permitted by law.

This Note may not be amended or modified except by an instrument in writing signed by both parties.

Maker shall have no right to assign this Note or Maker's obligations hereunder without the prior written consent of Payee. Payee may assign this Note without Maker's consent, and each provision of this Note shall be and remain in full force and effect notwithstanding any negotiation or transfer hereof to any other Payee or participant. This Note is expressly subject to a right of set-off by Maker as set forth in Section 9.4 of the Asset Purchase Agreement.

The rights and remedies of Payee hereunder are cumulative and are not in lieu of, but are in addition to, any other rights or remedies which Payee may have at law or in equity. No waiver by Payee of any event of default, or right or remedy under this Note shall be effective unless in writing signed by Payee. Neither the failure nor any delay in exercising any right, power or privilege under this Note will operate as a waiver of such right, power or privilege and no single or partial exercise of any such right, power or privilege by Payee will preclude any other or further exercise of such right, power or privilege. No waiver of any breach of any provision of this Note shall be deemed a waiver of any other breach of this Note. No extension of time for performance of any act will be deemed an extension of time for the performance of any other act.

This Note shall be construed and enforced in accordance with the laws of the State of Colorado, without regard to conflict of laws principles. The parties submit to personal jurisdiction in the State of Colorado for the enforcement of the provisions of this Note and irrevocably waive any and all rights to object to such jurisdiction for the purposes of litigation to enforce any provision of this Note. The parties hereby consent to the jurisdiction of and agree that any action, suit or proceeding to enforce this Note may be brought in any state or federal court in Denver, Colorado. The parties hereby irrevocably waive any objection which they may have to the laying of the venue of any such action, suit or proceeding in any such court and hereby further irrevocably waive any claim that any such action, suit or proceeding brought in such a court has been brought in an inconvenient forum; it being acknowledged and agreed by the parties that the jurisdiction and venue set forth herein shall be exclusive for all purposes.

THE PARTIES HEREBY WAIVE ANY RIGHT TO JURY TRIAL OF ANY CLAIM, CROSS-CLAIM OR COUNTERCLAIM RELATING TO OR ARISING OUT OF OR IN CONNECTION WITH THIS NOTE.

All amounts due and owing under this Note are secured by that certain Personal Guarantee of even date herewith executed by Nigel V. Alexander in favor of Payee, attached hereto as Exhibit A.

IN WITNESS WHEREOF, Maker and Payee have executed this Note effective as of the date first above written.

**MAKER:**

Liberty-Bell Telecom, LLC

By: \_\_\_\_\_  
Nigel V. Alexander, its Manager

**PAYEE:**

Impact Telecom Inc.

By: \_\_\_\_\_  
Robert Beaty, President

**Exhibit A**

**Personal Guarantee**

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the undersigned guarantees to Impact Telecom, Inc., its successors and assigns (collectively, "Impact Telecom"), the full and prompt payment when due (whether by acceleration or otherwise) of all amounts due under the attached Promissory Note of Liberty Bell Telecom, LLC ("Liberty Bell Telecom"), dated as of the date hereof, in the principal amount of \$200,000 (the "Note").

This Personal Guarantee shall be an absolute and unconditional guaranty and shall remain in full force and effect so long as Liberty Bell Telecom owes any amounts pursuant to the Note. The undersigned hereby expressly waives presentment, demand, notice of dishonor, protest, and all other notices whatsoever. The undersigned further agrees to pay all costs of collection of this Personal Guarantee, including reasonable attorneys' fees.

No delay on the part of Impact Telecom in the exercise of any right or remedy shall operate as a waiver thereof, and no final or partial exercise by Impact Telecom of any right or remedy shall preclude other or further exercises thereof or the exercises of any other right or remedy. This Personal Guarantee shall be governed by and construed in accordance with the laws of the State of Colorado.

Dated \_\_\_\_\_, 2009 in Denver, Colorado.

\_\_\_\_\_  
Nigel V. Alexander

**Schedule 1.1(a)**

**Customers**

**Add Quicktel printout of all Customers at Closing**

Schedule 1.1(c)

**Vendors**

Qwest Communications International, Inc.

TMC (Broadwing)

Mammoth Networks

ID Communications

E Central

CIT

Copper Conferencing

Clarity Communications/Voiceconnect

Handy Networks

Singular Solutions

RB

**EXHIBIT A**

**COPY OF NOTICE OF PROPOSED TRANSACTION  
PROVIDED TO TRANSFERRING CUSTOMERS  
OF IMPACT TELECOM, INC., LOCATED IN COLORADO.**

**(See Attached)**



Dear Impact Customer

**Re: IMPORTANT NOTICE REGARDING YOUR TELEPHONE SERVICE**

This letter is to notify you of an upcoming change regarding your telephone service. Impact Telecom and Liberty-Bell Telecom, LLC., have been working together for years and we have requested the Colorado PUC to approve the transfer of your local and/or long distance phone service to Liberty-Bell on or about October 1<sup>st</sup>, 2009. The change is pending regulatory approval.

**The change will not affect your services in any way, and there will be no interruption in service. You will not be charged change fees of any kind.**

You will keep the same telephone number(s) and all the same enhanced phone features that you have now, except they will be provided by Liberty-Bell Telecom under the same terms, conditions and rate structure as you have today.

Please rest assured that when your service transfers to Liberty-Bell, there will be no interruption of service or extra costs of any kind. For more information about Liberty-Bell and this transaction, please visit [www.libertybelltelecom.com/impactco](http://www.libertybelltelecom.com/impactco). Before or after the transfer, you may choose another local and/or long distance carrier; however, selecting a new carrier may lead to that carrier charging you installation fees, and/or interruption of services.

Any questions you may have regarding your current service or service orders, please call the Impact Telecom customer service department at **1-877-427-8776**. You may also contact the Colorado Public Utilities Commission at 303-894-2070, or if outside of the Denver Metro area at 1-800-456-0858.

We look forward to continuing to serve your communication needs.

Sincerely,

Nigel Alexander  
Manager  
Liberty-Bell Telecom, LLC

Bob Beaty  
President  
Impact Telecom

**EXHIBIT B**

**COPY OF NOTICE OF PROPOSED TRANSACTION  
PROVIDED TO TRANSFERRING CUSTOMERS  
OF IMPACT TELECOM, INC., LOCATED IN NEW MEXICO.**

**(See Attached)**



Dear Impact Customer

**Re: IMPORTANT NOTICE REGARDING YOUR TELEPHONE SERVICE**

This letter is to notify you of an upcoming change regarding your telephone service. Impact Telecom and Liberty-Bell Telecom, LLC., have been working together for years and we have requested the New Mexico Public Regulatory Commission to approve the transfer of your local and/or long distance phone service to Liberty-Bell on or about October 1<sup>st</sup>, 2009. The change is pending regulatory approval.

**The change will not affect your services in any way, and there will be no interruption in service. You will not be charged change fees of any kind.**

You will keep the same telephone number(s) and all the same enhanced phone features that you have now, except they will be provided by Liberty-Bell Telecom under the same terms, conditions and rate structure as you have today.

Please rest assured that when your service transfers to Liberty-Bell, there will be no interruption of service or extra costs of any kind. For more information about Liberty-Bell and this transaction, please visit [www.libertybelltelecom.com/impactnm](http://www.libertybelltelecom.com/impactnm). Before or after the transfer, you may choose another local and/or long distance carrier; however, selecting a new carrier may lead to that carrier charging you installation fees, and/or interruption of services.

Any questions you may have regarding your current service or service orders, please call the Impact Telecom customer service department at **1-877-427-8776**. You may also contact the New Mexico Public Regulatory Commission at 888-427-5772.

We look forward to continuing to serve your communication needs.

Sincerely,

Nigel Alexander  
Manager  
Liberty-Bell Telecom, LLC

Bob Beaty  
President  
Impact Telecom

**EXHIBIT C**

**COPY OF NOTICE OF PROPOSED TRANSACTION  
PROVIDED TO TRANSFERRING CUSTOMERS  
OF IMPACT TELECOM, INC., LOCATED IN UTAH.**

**(See Attached)**



Dear Impact Customer

**Re: IMPORTANT NOTICE REGARDING YOUR TELEPHONE SERVICE**

This letter is to notify you of an upcoming change regarding your telephone service. Impact Telecom and Liberty-Bell Telecom, LLC., have been working together for years and we have requested the Utah PSC to approve the transfer of your local and/or long distance phone service to Liberty-Bell on or about October 1<sup>st</sup>, 2009. The change is pending regulatory approval.

**The change will not affect your services in any way, and there will be no interruption in service. You will not be charged change fees of any kind.**

You will keep the same telephone number(s) and all the same enhanced phone features that you have now, except they will be provided by Liberty-Bell Telecom under the same terms, conditions and rate structure as you have today.

Please rest assured that when your service transfers to Liberty-Bell, there will be no interruption of service or extra costs of any kind. For more information about Liberty-Bell and this transaction, please visit [www.libertybelltelecom.com/impactut](http://www.libertybelltelecom.com/impactut). Before or after the transfer, you may choose another local and/or long distance carrier; however, selecting a new carrier may lead to that carrier charging you installation fees, and/or interruption of services.

Any questions you may have regarding your current service or service orders, please call the Impact Telecom customer service department at **1-877-427-8776**. You may also contact the Utah Public Services Commission at 801-530-6652, or at 1-800-874-0904.

We look forward to continuing to serve your communication needs.

Sincerely,

Nigel Alexander  
Manager  
Liberty-Bell Telecom LLC

Bob Beaty  
President  
Impact Telecom Inc.

**EXHIBIT D**

**COPY OF NOTICE AND CERTIFICATION PROVIDED BY APPLICANTS TO THE  
COMMISSION PURSUANT TO SECTION 64.1120(E)(1) OF THE COMMISSION'S RULES**

**(See Attached)**