

This Memorandum Summarizes The Principal Terms Of The Proposed Financing Of AlphaCipher Acquisition Corporation By Exempt Or Accredited Investors. This Term Sheet Is For Discussion Purposes Only; There Is No Obligation On The Part Of Any Negotiating Party Until A Subscription Agreement Is Signed By All Parties. This Term Sheet Is Subject To Applicable Securities Laws.

ALPHACIPHER ACQUISITION CORPORATION

Memorandum of Understanding of the Proposed Terms for the Private Placement of up to US\$15,000,000 in Long-term Debt to fund the Operations, Growth and Expansion of AlphaCipher Acquisition Corporation

December 29, 2011

A. PRINCIPAL OPERATIONS, GROWTH & EXPANSION LONG-TERM DEBT FINANCING TERMS

Issuer: AlphaCipher Acquisition Corporation, a Washington corporation, (“AAC”) whose headquarters is located at 401 Second Avenue South, Suite 500, Seattle, WA 98104.

Investor: Belhara Security Systems Inc., a privately held corporation formed under the laws of British Columbia, Canada, whose headquarters is located at: Suite #807 - 475 Howe Street, Vancouver, BC V6C 2B3 Canada

Amount: Fifteen Million US Dollars (US\$15,000,000)

Type of Security: Promissory Note (“Note”)

Interest Rate: Seven Percent Per Annum (7.00%), payable at the Maturity Date.

Term & Pre-Payment: The Notes shall be due and payable day that is five years following the date of the Note (the “Maturity Date”). All principal and accrued interest under the Note is due and payable on the Maturity Date. The Note may be prepaid at any time without penalty upon five days prior written notice to the Holder

Closing: Closing will be held at the same time and place as the Series A Preferred Stock is closed or such other date that the AAC and Belhara mutually decide upon.

Notes Purchase Agreement: The Notes will be issued pursuant to a definitive Note Purchase Agreement containing customary covenants and representations and warranties of the Company.

Planned Use of Proceeds for the Long-Term Debt Issuance:

AAC Operations:

General operations, salaries and wages, general and administrative expenses, sales and marketing expenses and general corporate working capital for two years of operations.	\$11,500,000
Completion of product line extensions	2,500,000
Operating Reserve	1,000,000

Total:	<u><u>\$15,000,000</u></u>
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Closing: Individual Closing for Each Investor, within five (5) business days of receipt of approval of the financing from the Shareholders of the EX-VTI (Closing Date).

B. OTHER MATTERS

Exclusive Lead Investor Period: For a period of 60 days from the date Belhara makes the Bridge Financing to AAC, Belhara shall be given the exclusive right to provide AAC its financing.

Concurrent Asset Acquisition Capital Financing Concurrent to the transactions described in this Term Sheet the parties shall complete a \$12,500,000 equity and debt financing of AAC by Belhara to fund the acquisition of a majority interest in substantially all the asset owned by Vadium Technology, Inc.

The securities represented by this proposed term sheet have not been registered under the Securities Act of 1933 ("Act"), as amended, or applicable state securities acts and are restricted securities as defined by Rule 144 of the Act in the United States. The securities offered herein may not be transferred, sold or otherwise disposed unless in compliance with the Act.

A binding commitment with respect to the transactions described in this Memorandum will exist only upon the execution of mutually acceptable definitive written agreements for each transaction, containing such covenants, representations, warranties, closing conditions and other provisions as the parties may agree.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum to be executed by their duly authorized officers as of the date first written below.

ALPHACIPHER ACQUISITION CORPORATION



By: Rod Nicholls
Its: President & CEO
Date: December 29, 2011

BELHARA SECURITY SYSTEMS, INC.



By: Tilo Kunz
Its: CEO
Date: December 29, 2011