

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this document. Any representation to the contrary is an offence. This offering may not be suitable for you and you should only invest in it if you are willing to risk the loss of your entire investment. In making this investment decision, you should seek the advice of a registered dealer.

These securities have not been registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any of the securities laws of any state of the United States, and may not be offered or sold within the United States or for the account or benefit of U.S. persons or persons in the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This Offering Document does not constitute an offer to sell, or the solicitation of an offer to buy, any of these securities within the United States or to, or for the account or benefit of, U.S. persons or persons in the United States. "United States" and "U.S. person" have the meanings ascribed to them in Regulation S under the U.S. Securities Act.

Offering Document under the Listed Issuer Financing Exemption

October 8, 2024



Cybeats Technologies Corp. (the "Company" or "Cybeats")

## SUMMARY OF OFFERING

### What are we offering?

<b>Offering:</b>	Private placement of units of the Company (" <b>Units</b> "), with each Unit being comprised of one common share of the Company (a " <b>Common Share</b> ") and one-half of one Common Share purchase warrant (each whole warrant, a " <b>Warrant</b> "). Each Warrant will be exercisable to acquire an additional Common Share at an exercise price of \$0.22 per Common Share for a period of 24 months from the date of issuance.
<b>Offering Price:</b>	\$0.16 per Unit (the " <b>Issue Price</b> ").
<b>Offering Amount:</b>	A minimum of 18,750,000 Units and a maximum of 31,250,000 Units, for minimum gross proceeds of \$3,000,000 and maximum gross proceeds of \$5,000,000 (the " <b>Offering</b> ").
<b>Closing Date:</b>	One or more tranches on or about November 22, 2024, or such other date(s) as may be determined by the Company (the " <b>Closing Date</b> ").
<b>Exchange:</b>	The Common Shares are listed on the Canadian Securities Exchange (the " <b>CSE</b> ") under the trading symbol "CYBT" and on the OTCQB (the " <b>OTCQB</b> ") under the trading symbol "CYBCF".
<b>Last Closing Price:</b>	The last closing price of the Common Shares on the CSE and on the OTCQB on October 7 was \$0.18 and US\$0.14, respectively.
<b>Description of the Common Shares</b>	The holders of Common Shares are entitled to: (i) receive dividends as and when declared by the board of directors of the Company, out of the funds properly applicable to the payment of dividends, in such amount and in such form as the board of directors may from time to time determine; (ii) in the event of the dissolution, liquidation or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs,

	<p>receive the remaining property and assets of the Company; and (iii) receive notice of and to attend all meeting of the shareholders of the Company and to have one vote for each Common Share held at all meetings of the shareholders of the Company, except for meeting at which only holders of another specified class or series of common shares of the Company are entitled to vote separately as a class or series.</p>
<p><b>Description of the Warrants</b></p>	<p>Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one Common Share at an exercise price of \$0.22 per Common Share until 5:00 p.m. (Toronto time) on the date that is 24 months following the date of issuance, after which time the Warrants will be void and of no value. The Warrants will be governed by the terms and conditions set out in the certificate representing the Warrants (the "<b>Warrant Certificates</b>") delivered at the closing of the Offering. The Warrant Certificates will provide for adjustment in the number of Common Shares issuable upon the exercise of the Warrants and/or the exercise price per Common Share upon the occurrence of certain customary events.</p> <p>No fractional Common Shares will be issuable to any holder of Warrants upon the exercise thereof, and no cash or other consideration will be paid in lieu of fractional Common Shares. The holding of Warrants will not make the holder thereof a shareholder of the Company or entitle such holder to any right or interest in respect of the Warrants except as expressly provided in the Warrant Certificate. Holders of Warrants will not have any voting or pre-emptive rights or any other rights of a holder of Common Shares.</p>

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**Cybeats is conducting a listed issuer financing under section 5A.2 of National Instrument 45-106 – *Prospectus Exemptions*. In connection with this offering, the issuer represents the following is true:**

- **The issuer has active operations and its principal asset is not cash, cash equivalents or its exchange listing.**
- **The issuer has filed all periodic and timely disclosure documents that it is required to have filed.**
- **The total dollar amount of this offering, in combination with the dollar amount of all other offerings made under the listed issuer financing exemption in the 12 months immediately before the date of this offering document (this "Offering Document"), will not exceed \$5,000,000.**
- **The issuer will not close this offering unless the issuer reasonably believes it has raised sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution.**

- **The issuer will not allocate the available funds from this offering to an acquisition that is a significant acquisition or restructuring transaction under securities law or to any other transaction for which the issuer seeks security holder approval.**

All references in this Offering Document to “dollars” and “\$” are to Canadian dollars, unless otherwise stated. References to “US\$” in this Offering Document refer to United States dollars.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Offering Document contains “forward-looking information” within the meaning of applicable Canadian securities laws, which is based upon the Company’s current internal expectations, estimates, projections, assumptions and beliefs. The forward-looking information included in this Offering Document is made only as of the date of this Offering Document. Such forward-looking statements and forward-looking information include, but are not limited to: statements concerning the Company’s expectations with respect to the use of proceeds and the use of the available funds following completion of the Offering; the completion of the Offering; raising the minimum or maximum proceeds of the Offering; the expected Closing Date; the projected growth of the Company’s business and operations (including existing and new segments thereof), and the future business activities of, and developments related to, the Company within such segments after the date of this Offering Document; the objectives and business plans of the Company; the accuracy of the Company’s estimates of the potential market for its products; the Company’s ability to successfully market its products to potential customers; the general economic, financial market, regulatory and political conditions in which the Company operates; the Company’s belief that its current cash and short-term investments together with anticipated cash flow from operations will be sufficient to meet the Company’s working capital requirements and capital expenditure requirements for the foreseeable future; and the Company’s outlook for and expected revenue, net revenue and future financial results. Forward-looking statements or forward-looking information relate to future events and future performance and include statements regarding the expectations and beliefs of management based on information currently available to the Company. Such forward-looking statements and forward-looking information often, but not always, can be identified by the use of words such as “plans”, “expects”, “potential”, “is expected”, “anticipated”, “is targeted”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Forward-looking statements or forward-looking information are subject to a variety of risks and uncertainties, which could cause actual events or results to differ from those reflected in such forward-looking statements and forward-looking information, including, without limitation, risks with respect to: data breaches, unauthorized access, or theft of personal information or intellectual property; risks associated with inadequate cybersecurity measures leading to system vulnerabilities or attacks (e.g., ransomware, phishing, malware); evolving threats and the complexity of cyberattacks outpacing defensive technologies; regulatory and compliance risks related to privacy laws and cybersecurity standards; reputational damage due to security breaches or failure to protect client data; liability for damages from cybersecurity failures impacting customers or third parties; supply chain cybersecurity vulnerabilities and risks in third-party service providers; rapid technological changes and the need for continuous innovation in cybersecurity tools; intellectual property risks; general economic conditions, adverse industry events, marketing costs, loss of markets, future legislative and regulatory developments, the inability to access sufficient capital on favourable terms, the cybersecurity industry in general; any additional financing requirements; volatility of the capital markets; environmental risks; competition risks; insurance risks; potential conflicts of interest; litigation risks; volatility in the price of the Common Shares; potential dilution of present and prospective shareholdings; currency risks; and financial reporting standards. This list is not exhaustive of the factors that may affect any of the Company’s forward-looking statements or forward-looking information. Forward-looking information includes statements about the future and are inherently uncertain, and the Company’s actual achievements or other future events or conditions may differ materially from those reflected in the forward-looking information due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in the management’s discussion and analysis of Cybeats for the year ended December 31, 2023 and other filings available under the Company’s profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

This Offering Document contains future-oriented financial information and financial outlook information (collectively, "**FOFI**") about the Company's prospective results of operations, which are subject to the same assumptions, risk factors, limitations, and qualifications as set out in the above paragraph. FOFI contained in this Offering Document was approved by management as of the date of this Offering Document and was provided for the purpose of providing further information about the Company's future business operations. The Company disclaims any intention or obligation to update or revise any FOFI contained in this Offering Document, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this document should not be used for purposes other than for which it is disclosed herein.

The Company provides no assurance that forward-looking statements or forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, changing circumstances, or otherwise.

## **SUMMARY DESCRIPTION OF BUSINESS**

### **What is our business?**

Cybeats is a global leader in software supply chain security, serving blue chip customers with a SaaS (Software as a Service) cybersecurity product that clients pay an annual licensing fee for. Cybeats operates on an Annual Recurring Revenue (ARR) business model.

Modern software is made up of hundreds of smaller interdependent software components, often sourced from different places. This process of selecting, using, and managing these components is known as the 'software supply chain,' and it's essential for creating a complete software product. Over the past year, cyberattacks have targeted the software supply chains of more than 75% of organizations<sup>1</sup>, often by exploiting just one small component within the software. This has left 40% of these targeted organizations struggling to recover, often taking over a month. These realities highlight the critical importance of Cybeats' solutions, which help secure and monitor these vulnerable components to prevent such devastating impacts.

Cybeats proactively addresses this challenge by meticulously tracking and monitoring each software component. The product, SBOM Studio, empowers businesses with continuous vulnerability monitoring, automated risk analysis, and comprehensive regulatory compliance. This approach not only strengthens cybersecurity but also delivers substantial cost savings by preventing problems from escalating into a full-blown crisis.

Cybeats is gaining significant traction, particularly in sectors where Software Bill of Materials ("**SBOM**") compliance is becoming mandatory. For example, the FDA now requires SBOM compliance in the medical device manufacturing industry. Similarly, industrial control systems, including power and water utilities, are subject to new EU regulations. Cybeats' esteemed customer base includes multiple industry leading Fortune 500 companies, such as Schneider Electric. Cybeats has a commercial pipeline valued at \$21 million and has a track record of winning competitive bids, executing on complex procurement processes, and ultimately converting the interest in the SBOM Studio product into commercial contracts.

Global SBOM adoption is being driven by stringent regulations from bodies like the FDA, CISA, and the EU

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<sup>1</sup><https://www.blackberry.com/us/en/company/newsroom/press-releases/2024/software-supply-chain-attack-have-increased-financial-and-reputational-impacts-on-companies-globally-new-blackberry-research-reveals>

Commission, which are increasingly requiring SBOM to ensure software transparency. The EU Cyber Resilience Act, set to take effect in 2026, will further accelerate adoption. Gartner predicts that by 2025, 60% of organizations procuring software for critical use cases will mandate SBOM disclosure, as compared to just 5% today—a significant market tailwind for Cybeats.

## Other Business Highlights

- Cybeats is a leader in software supply chain security and has been enlisted by the U.S. Department of Defense to deploy its *SBOM Studio* platform for multiple components of the US military, including the U.S. Army and U.S. Naval Air Systems Command.
- Over 85% of clients who have completed a trial of SBOM Studio have purchased a license.
- The National Security Agency (NSA) and the U.S. Department of Defence has recommended Cybeats in a best practices report, the only commercial service featured in the sector.
- SBOM Studio is fully built and operational, having validated its approach, servicing mainly U.S and European blue chip clients.
- Cybeats has maintained a 90%+ client retention rate since the commercial launch of its SBOM Studio solution, highlighting its reliability and value
- SBOM Studio was used by an enterprise client case study which estimated that 75% of labor and development costs were saved per project.
- The market for SBOM technology is growing quickly, such EU and U.S. federal regulations across industries are forcing new software compliance standards. Example: FDA required medical device manufacturers to provide SBOM for software on their medical devices.
- EU regulators are expected to begin enforcing fines on companies of up to 15 million euros for failure to use SBOM, support the market thesis for SBOM Studio.
- Cybeats launched a new product offering, *SBOM Consumer*, for security professionals to collect and analyze SBOM<sup>2</sup> across organizations of all sizes, significantly broadening its market reach and revenue opportunities.
- The market for software supply chain solutions was valued at over \$9 billion in 2023, driven by a significant increase in consumer demand.<sup>3</sup>
- On June 6, 2024, Blackberry research found that companies are increasingly requesting SBOMs as proof of cybersecurity compliance, with 41% of companies demanding these SBOM inventories<sup>4</sup>, highlighting the heightened focus on SBOM as a key tool for reducing security risks and ensuring compliance across software supply chains.

## Recent developments

On October 3, 2024, the Company announced a commercial reseller agreement with Cappyx, a leading provider of IT services based in Belgium. Cappyx will act as a value-added reseller, offering Cybeats' SBOM Studio and end-to-end vulnerability management services to both software product producers and consumers across Belgium and Luxembourg. This partnership will help organizations in these regions meet the stringent compliance requirements of European regulations such as NIS2, the EU Cyber Resilience Act (CRA), and the Digital Operational Resilience Act (DORA), with a focus on securing software supply chains.

On September 24, 2024, the Company announced that it has been enlisted by the U.S. Department of Defense to deploy its SBOM Studio platform in various military settings. As part of these pilot deployments, Cybeats' industry-leading software supply chain technology will be used by multiple components of the US military, including the U.S. Army and U.S. Naval Air Systems Command. This

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<sup>2</sup> [https://federalnewsnetwork.com/wp-content/uploads/2024/09/081624\\_Army\\_SBOM\\_Memo.pdf](https://federalnewsnetwork.com/wp-content/uploads/2024/09/081624_Army_SBOM_Memo.pdf)

<sup>3</sup> <https://www.linkedin.com/pulse/software-supply-chain-security-solutions-market-uwmbc/>

<sup>4</sup> <https://www.blackberry.com/us/en/company/newsroom/press-releases/2024/software-supply-chain-attack-have-increased-financial-and-reputational-impacts-on-companies-globally-new-blackberry-research-reveals>

project further solidifies Cybeats' position as a trusted provider of cybersecurity solutions to the U.S. government, and brings Cybeats' SBOM management solution to three branches of the U.S. military.

On September 12, 2024, the Company announced a third product offering, SBOM Consumer, for security professionals to collect and analyze SBOM across organizations of all sizes. The new product serves the increasing market demand for solutions that leverage SBOMs to manage third-party software risk and to more quickly respond to increasingly frequent software supply chain attacks.

On July 18, 2024, the Company announced an update following its results for fiscal 2023 and its first quarter ending March 31, 2024. Cybeats achieved a year-over-year revenue increase of 693%, and a Q1 2024 revenue increase of 121%, as compared to Q1 2023. Cybeats experienced significant commercial growth that has continued to validate its technology and approach, and supports its leadership role in the software supply chain security sector. Cybeats closed several new contracts in Q1 and experienced growth from existing client contracts, demonstrating increased product demand. Cybeats has initiated several new pilots in Q2, further expanding its pipeline, and sees over 85% of pilots convert into commercial contracts.

On June 6, 2024, Blackberry research found that companies are increasingly requesting SBOMs as proof of cybersecurity compliance, with 41% of companies demanding these SBOM inventories<sup>5</sup>, highlighting the heightened focus on SBOM as a key tool for reducing security risks and ensuring compliance across software supply chains.

### **Material facts**

There are no material facts about the securities being distributed that have not been disclosed in this Offering Document or in any other document filed by the Company in the 12 months preceding the date of this Offering Document.

### **What are the business objectives that we expect to accomplish using the available funds?**

The Company intends to use the net funds from the Offering primarily for the following:

- a) Increase the Sales & Marketing infrastructure at the Company to manage current and future sales pipeline for the primary product offering, SBOM Studio. With capital raised under the Offering, it is expected that operational capacity for sales growth will expand during Q4 2024, and begin having a material impact on revenue growth in the first two quarters of 2025.
- b) Product delivery & core product advancement. Managing SBOMs is a complex and evolving process. Clients rely on Cybeats for both current technology and proactive improvements to the Cybeats SBOM Studio product. These improvements are essential for navigating an ever-changing regulatory landscape while consistently meeting and exceeding client expectations. There are no significant events which must occur in order to accomplish this business objective.
- c) General working capital requirements.

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<sup>5</sup><https://www.blackberry.com/us/en/company/newsroom/press-releases/2024/software-supply-chain-attack-have-increased-financial-and-reputational-impacts-on-companies-globally-new-blackberry-research-reveals>

## USE OF AVAILABLE FUNDS

### What will our available funds be upon the closing of the Offering?

		Assuming minimum offering only	Assuming maximum offering
A	Amount to be raised by this offering	\$3,000,000	\$5,000,000
B	Selling commissions and fees	\$210,000	\$350,000
C	Estimated offering costs (e.g., legal, accounting, audit)	\$15,000	\$20,000
D	Net proceeds of offering: D=A-(B+C)	\$2,775,000	\$4,630,000
E	Working capital as at September 30, 2024, net of expected debt conversions and renegotiations (deficiency) <sup>(1)</sup>	(\$438,000)	(\$438,000)
F	Additional sources of funding <sup>(2)</sup>	\$2,810,000	\$2,810,000
<b>G</b>	<b>Total available funds: G = D+E+F</b>	<b>\$5,147,000</b>	<b>\$7,002,000</b>

**Note:**

<sup>1</sup> The working capital figures represent management's best estimate as at September 30, 2024, are unaudited, and are subject to change including as a result of normal quarterly accounting and review procedures.

<sup>2</sup> Additional sources of funding include \$2,210,000, being the portion of the revenues awarded by the existing clients of the Company, and that the Company currently expects to receive in the next 12 months, as well as \$600,000 credit facility with a private lender.

### How will we use the available funds?

Description of intended use of available funds listed in order of priority	Assuming minimum offering only	Assuming 100% of offering
Increase sales & marketing infrastructure. See below for key initiatives, allocation of funds and timing.	\$1,666,000	\$2,932,000
Product delivery & core product advancement	\$1,699,000	\$1,699,000
R&D & new product launches <ul style="list-style-type: none"> <li>- BCA Marketplace</li> <li>- SBOM Consumer</li> </ul>	\$290,000	\$290,000
Working capital (expenses, payables and excess) <sup>(1)(2)</sup>	\$1,492,000	\$2,081,000
<b>Total: Equal to G in the available funds in the table above</b>	<b>\$5,147,000</b>	<b>\$7,002,000</b>

**Note:**

<sup>1</sup> These figures represent the Company's expected general and administrative expenses, the payment of current and expected short-term liabilities and payables, and excess capital that will remain available to the Company for future use.

<sup>2</sup> The Company plans to pay \$150,000 to 2013025 Ontario Inc. as part of debt repayment.



### Marketing Initiatives planned with the use of proceeds

- \$100,000 - Sponsor and exhibit at cybersecurity conferences that attract targeted audience of decision-makers throughout the next 12 months. Similar marketing initiatives have historically led to enterprise contract sales.
- \$25,000 - Publish and distribute in depth whitepapers on the SBOM Management industry, expected in Q4 2024, which drives enhanced brand awareness and market presence.
- \$25,000 - Showcase success stories from clients who have benefited from Cybeats SBOM Studio. Highlight specific pain points, solutions, and measurable results. Expected to be published in Q4 2024 and Q1 2025.
- \$50,000 - Invest in SEO to ensure our site ranks well for critical cybersecurity keywords. Create a blog or knowledge base that discusses current threats, regulatory compliance updates, or new cybersecurity trends. These activities will occur over throughout the next 12 months.

The Company's most recently filed interim financial report included a going concern note. This Offering is not anticipated to address any uncertainties that affect the decision on whether a going concern is included in our next annual financial statements.

The above noted allocation of capital and anticipated timing represents the Company's current intentions based upon its present plans and business condition, which could change in the future as its plans and business conditions evolve. Although the Company intends to expand the proceeds from the Offering as set forth above, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary and may vary materially from that set forth above, as the amounts actually allocated and spent will depend on a number of factors, including the Company's ability to execute on its business plan. See the "*Cautionary Statement Regarding Forward-Looking Information*" section above.

Following the completion of the Offering, the Company reasonably expects that it will have available funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution.

### How have we used the other funds we have raised in the past 12 months?

In the past 12 months, the Company raised aggregate gross proceeds of \$4,450,105, consisting of: (i) the gross proceeds from its non-brokered private placement of debenture units which closed on January 25, 2024, in the amount of \$2,025,000 (ii) the gross proceeds from a non-brokered private placement of units, which closed on April 12, 2024, in the amount of \$2,425,105. The Company previously disclosed that these proceeds would be used for working capital and general corporate purposes.

In addition to the foregoing, in the past 12 months, the Company has received approximately \$2,743,000 payments from customers and \$1,378,000 in loans.

These above proceeds were used as follows:

Description	Amount	Variances to what was previously disclosed as use of proceeds, if any, and why
Sales & Marketing	\$2,326,000	N/A

Description	Amount	Variances to what was previously disclosed as use of proceeds, if any, and why
Existing technology infrastructure to support sales	\$426,000	N/A
New Product Development and Launches	\$2,468,000	N/A
Partial settlement of the Company's short-term debt	\$612,000	N/A
Working capital <sup>(1)</sup>	\$2,739,105	N/A
<b>Total:</b>	<b>\$8,571,105</b>	

<sup>1</sup> These figures also represent the Company's general and administrative expenses and changes in working capital.

### FEES AND COMMISSIONS

#### Who are the dealers or finders that we have engaged in connection with this Offering, if any, and what are their fees?

The Company may pay certain eligible finders a cash fee of up to 7% of the gross proceeds raised in respect of the Offering from subscribers introduced by such finders to the Company. The Company may also issue to eligible finders such number of finder warrants (each, a "**Finder Warrant**") equal to 7% of the number of Units sold under the Offering to subscribers introduced by such finders to the Company. Each Finder Warrant will entitle the holder to acquire one Common Share at an exercise price of CDN\$0.22 per share for a period of 24 months following the date of issuance.

### PURCHASERS' RIGHTS

#### Rights of Action in the Event of a Misrepresentation

If there is a misrepresentation in this Offering Document, you have a right

- a) to rescind your purchase of these securities with the Company, or
- b) to damages against the Company and may, in certain jurisdictions, have a statutory right to damages from other persons.

These rights are available to you whether or not you relied on the misrepresentation. However, there are various circumstances that limit your rights. In particular, your rights might be limited if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in paragraph a) or b) above, you must do so within strict time limitations.

You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal adviser.

## ADDITIONAL INFORMATION

### **Where can you find more information about us?**

Prospective investors under this Offering and security holders can access the Company's continuous disclosure filings under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

For further information regarding the Company, visit our website at: [www.cybeats.com](http://www.cybeats.com).

Please refer to Appendix A – “Acknowledgements, Covenants, Representations and Warranties of the Investor” and Appendix B – “Indirect Collection of Personal Information” attached hereto.

***Investors should read this Offering Document and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment of Units.***

**CERTIFICATE OF THE COMPANY**

**This Offering Document, together with any document filed under Canadian securities legislation on or after October 8, 2023, contains disclosure of all material facts about the securities being distributed and does not contain a misrepresentation.**

**October 8, 2024**

By: (signed) "Justin Leger"  
Name: Justin Leger  
Title: Chief Executive Officer

By: (signed) "Joshua Bald"  
Name: Joshua Bald  
Title: Chief Financial Officer

## APPENDIX A

## ACKNOWLEDGEMENTS, COVENANTS, REPRESENTATIONS AND WARRANTIES OF THE INVESTOR

Each purchaser of the Units (the “Investor”) makes, and is deemed to make, the following acknowledgements, covenants, representations and warranties to the Company, as at the date hereof, and as of the Closing Date:

- a) the Investor confirms that it (i) has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Units (including the potential loss of his, her or its entire investment); (ii) is aware of the characteristics of the Units (and the underlying securities) and understands the risks relating to an investment therein; and (iii) is able to bear the economic risk of loss of its investment in the Units and understands that it may lose its entire investment in the Units;
- d) the Investor is resident in the jurisdiction disclosed to the Company and the Investor was solicited to purchase in such jurisdiction;
- e) the subscription for the Units by the Investor does not contravene any of the applicable securities legislation in the jurisdiction in which the Investor resides and does not give rise to any obligation of the Company to: (i) prepare and file a prospectus or similar document or to register the Units (or underlying securities) or to be registered with or to file any report or notice with any governmental or regulatory authority; or (ii) be subject to any ongoing disclosure requirements under the securities legislation of such jurisdiction;
- f) unless the Investor has separately delivered to the Company a U.S. Representation Letter (in which case the Investor makes the representations, warranties and covenants set forth therein), the Investor (i) is not in the United States, its territories or possessions, any State of the United States or the District of Columbia (collectively, the “United States”), (ii) was outside of the United States at the time the buy order for the Units was originated, (iii) is not subscribing for the Units for the account of a person in the United States, (iv) is not subscribing for the Units for resale in the United States, and (v) was not offered the Units in the United States;
- g) the Investor is aware that the Common Shares and Warrants have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the “U.S. Securities Act”) or the securities laws of any state of the United States and that the Common Shares and Warrants may not be offered, sold or otherwise disposed of, directly or indirectly, in the United States, any state or territory of the United States or the District of Columbia, without registration under the U.S. Securities Act and all applicable state securities laws or compliance with the requirements of an exemption from such registration and it acknowledges that the Company has no obligation or present intention of filing a registration statement under the U.S. Securities Act in respect of the sale or resale of the Common Shares and Warrants;
- h) the funds representing the aggregate subscription funds which will be advanced by the Investor to the Company hereunder, as applicable, will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the “PCMLTFA”) or for the purposes of the United States *Uniting and Strengthening America by Providing Appropriate Tools Required to*

*Intercept and Obstruct Terrorism Act*, as may be amended from time to time (the “**PATRIOT Act**”) and the Investor acknowledges that the Company may in the future be required by law to disclose the Investor’s name and other information relating to the Investor’s subscription of the Units, on a confidential basis, pursuant to the PCMLTFA and the PATRIOT Act, and that, to the best of its knowledge: (i) none of the subscription funds to be provided by the Investor (A) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States or any other jurisdiction; or (B) are being tendered on behalf of a person who has not been identified to the Investor; and (ii) it will promptly notify the Company if the Investor discovers that any of such representations ceases to be true, and to provide the Company with appropriate information in connection therewith;

- i) neither the Company nor any of its respective directors, employees, officers, affiliates or agents has made any written or oral representations to the Investor: (i) that any person will resell or repurchase the Common Shares or Warrants comprising the Units; (ii) that any person will refund all or any part of the subscription amount; or (iii) as to the future price or value of the Common Shares or Warrants comprising the Units;
- j) the Investor is not purchasing the Units with knowledge of any material information concerning the Company that has not been generally disclosed. The Investor’s Units are not being purchased by the Investor as a result of, nor does the Investor, if any, have knowledge of, any material fact (as defined in securities laws, regulations and rules, and the blanket rulings and policies and written interpretations of, and multilateral or national instruments adopted by, the securities regulatory authorities in the jurisdiction in which the Investor is resident or subject to (the “**Securities Laws**”)) or material change (as defined in Securities Laws) concerning the Company that has not been generally disclosed and the decision of the Investor, to tender this offer and acquire the Investor’s Units has not been made as a result of any oral or written representation as to fact or otherwise made by, or on behalf of, the Company or any other person and is based entirely upon the Offering Document;
- k) if required by applicable Securities Laws or the Company, the Investor will execute, deliver and file or assist the Company in filing such reports, undertakings and other documents with respect to the issue and/or sale of the Units as may be required by any securities commission, stock exchange or other regulatory authority;
- l) the Company is relying on an exemption from the requirement to provide the Investor with a prospectus under the Securities Laws and, as a consequence of acquiring the Units pursuant to such exemption, the Investor may not receive information that would otherwise be required to be given under the Securities Laws;
- m) if the Investor is:
  - i. a corporation, the Investor is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to subscribe for the Units pursuant to the terms set out in this Offering Document;
  - ii. a partnership, syndicate or other form of unincorporated organization, the Investor has the necessary legal capacity and authority to subscribe for the Units pursuant to the terms set out in this Offering Document and has obtained all necessary approvals in respect thereof; or

- iii. an individual, the Investor is of the full age of majority and is legally competent to subscribe for the Units pursuant to the terms set out in this Offering Document;
- n) the Investor is responsible for obtaining such legal and tax advice as it considers appropriate in connection with the performance of this Offering Document and the transactions contemplated under this Offering Document, and that the Investor is not relying on legal or tax advice provided by the Company or its counsel;
- o) the subscription for the Units and the completion of the transactions described herein by the Investor will not result in any material breach of, or be in conflict with or constitute a material default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a material default under any term or provision of the constating documents, bylaws or resolutions of the Investor if the Investor is not an individual, the Securities Laws or any other laws applicable to the Investor, any agreement to which the Investor is a party, or any judgment, decree, order, statute, rule or regulation applicable to the Investor;
- p) the Investor has obtained all necessary consents and authorities to enable it to agree to subscribe for the Units pursuant to the terms set out in this Offering Document and the Investor has otherwise observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in any territory in connection with the purchase of the Units and the Investor has not taken any action which will or may result in the Company acting in breach of any regulatory or legal requirements of any territory in connection with the Offering or the Investor's subscription;
- q) the Investor is purchasing the Units for investment purposes only and not with a view to resale or distribution; and
- r) the Investor acknowledges that certain fees and commissions may be payable by the Company in connection with the Offering.

**APPENDIX B****INDIRECT COLLECTION OF PERSONAL INFORMATION**

By purchasing Units, the Investor acknowledges that the Company and its agents and advisers may each collect, use and disclose the Investor's name and other specified personally identifiable information (including his, her or its name, jurisdiction of residence, address, telephone number, email address and aggregate value of the Units that it has purchased) (the "**Information**"), for purposes of (i) meeting legal, regulatory, stock exchange and audit requirements and as otherwise permitted or required by law or regulation, and (ii) issuing ownership statements issued under a direct registration system or other electronic book-entry system, or certificates that may be issued, as applicable, representing the Common Shares and Warrants (underlying the Units) to be issued to the Investor. The Information may also be disclosed by the Company to: (i) stock exchanges, (ii) revenue or taxing authorities and (iii) any of the other parties involved in the Offering, including legal counsel, and may be included in record books in connection with the Offering. The Investor is deemed to be consenting to the disclosure of the Information.

By purchasing Units the Investor acknowledges (A) that Information concerning the Investor will be disclosed to the relevant Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable securities and freedom of information laws and the Investor consents to the disclosure of the Information; (B) the Information is being collected indirectly by the applicable Canadian securities regulatory authorities under the authority granted to them in securities legislation; and (C) the Information is being collected for the purposes of the administration and enforcement of the applicable Canadian securities legislation; and by purchasing the Units, the Investor shall be deemed to have authorized such indirect collection of personal information by the relevant Canadian securities regulatory authorities.

The Investor may contact the following public official in the applicable province with respect to questions about the commission's indirect collection of such Information at the following address, telephone number and email address (if any):

**Alberta Securities Commission**

Suite 600, 250 – 5th Street SW  
Calgary, Alberta T2P 0R4  
Telephone: 403-297-6454  
Toll free in Canada: 1-877-355-0585  
Facsimile: 403-297-2082  
Public official contact regarding indirect collection of information: FOIP Coordinator

**British Columbia Securities Commission**

P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, British Columbia V7Y 1L2  
Inquiries: 604-899-6854  
Toll free in Canada: 1-800-373-6393  
Facsimile: 604-899-6581  
Email: FOI-privacy@bcsc.bc.ca  
Public official contact regarding indirect collection of information: FOI Inquiries

**The Manitoba Securities Commission**

500 – 400 St. Mary Avenue  
Winnipeg, Manitoba R3C 4K5  
Telephone: 204-945-2561  
Toll free in Manitoba: 1-800-655-5244  
Facsimile: 204-945-0330  
Public official contact regarding indirect collection of information: Director



**Financial and Consumer Services Commission (New Brunswick)**

85 Charlotte Street, Suite 300

Saint John, New Brunswick E2L 2J2

Telephone: 506-658-3060

Toll free in Canada: 1-866-933-2222

Facsimile: 506-658-3059

Email: [info@fcnb.ca](mailto:info@fcnb.ca)

Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

**Government of Newfoundland and Labrador**

**Financial Services Regulation Division**

P.O. Box 8700

Confederation Building

2nd Floor, West Block

Prince Philip Drive

St. John's, Newfoundland and Labrador A1B 4J6

Attention: Director of Securities

Telephone: 709-729-4189

Facsimile: 709-729-6187

Public official contact regarding indirect collection of information: Superintendent of Securities

**Nova Scotia Securities Commission**

Suite 400, 5251 Duke Street

Duke Tower

P.O. Box 458

Halifax, Nova Scotia B3J 2P8

Telephone: 902-424-7768

Facsimile: 902-424-4625

Public official contact regarding indirect collection of information: Executive Director

**Ontario Securities Commission**

20 Queen Street West, 22nd Floor

Toronto, Ontario M5H 3S8

Telephone: 416-593-8314

Toll free in Canada: 1-877-785-1555

Facsimile: 416-593-8122

Email: [exemptmarketfilings@osc.gov.on.ca](mailto:exemptmarketfilings@osc.gov.on.ca)

Public official contact regarding indirect collection of information: Inquiries Officer

**Prince Edward Island Securities Office**

95 Rochford Street, 4th Floor Shaw Building

P.O. Box 2000

Charlottetown, Prince Edward Island C1A 7N8

Telephone: 902-368-4569

Facsimile: 902-368-5283

Public official contact regarding indirect collection of information: Superintendent of Securities

**Financial and Consumer Affairs Authority of Saskatchewan**

Suite 601 - 1919 Saskatchewan Drive

Regina, Saskatchewan S4P 4H2

Telephone: 306-787-5842

Facsimile: 306-787-5899

Public official contact regarding indirect collection of information: Director