

Tech Magnesium Technology IP Acquisition Agreement

This contract (the “**Agreement**”) is made as of the **3rd day of January 2019** (the “**Effective Date**”)

BETWEEN: **MAG ONE PRODUCTS INC.**, a Corporation duly incorporated under the laws of Canada, having an office at #777 Hornby, suite 600, Vancouver BC, CANADA, V6Z 1S4

(Hereinafter called “**MOPI**” or “**Company**”)

AND: **8200475 CANADA INC.**, a Corporation duly incorporated under the laws of Canada, having its office at 52 Hesse Crescent, Ottawa, Ontario, CANADA, K2S 1E5

(Hereinafter called “**Tech Magnesium**”)

WHEREAS Mag One Products Inc. (“**MOPI**”) is a BC registered company listed on the CSE, Frankfurt, and OTCQB stock exchanges; and,

WHEREAS MOPI’s mission is to become a production and technology company. MOPI’s target business is to produce Magnesium (“**Mg**”) metal and Mg-related compounds, byproducts and co-products (“**MOPI’s Business**”).

WHEREAS Mag One Operations Inc. (“**MOOI**”) is a private company, owned by MOPI. MOOI’s mission is to design, engineer, build and operate a magnesium oxide, silica and iron/nickel residue production facility near Asbestos Quebec and produce Mg metal and alumina via aluminothermic reduction of its produced MgO (the “**Mag One Technology**”); and,

WHEREAS MOOI and/or MOPI together or separately are herein referred to as “**Mag One**”

WHEREAS 8200475 CANADA INC. (“**Tech Magnesium**”), a Canadian Corporation wholly owned by Douglas J. Zuliani (“**Doug Zuliani**”), possesses certain information, data and know-how pertaining to the production of magnesium by a new thermal method (said method is referred to herein as the “**Tech Mag Technology**”) and,

WHEREAS Tech Magnesium also possesses certain other proprietary knowledge and information relating to methods for casting, extruding, rolling and general wrought processing and fabrication of magnesium metal and alloys (said method is referred to herein as the “**Tech Mag Wrought Magnesium Technology**”); and,

WHEREAS said information on the Tech Mag Technology and the Tech Mag Wrought Technology, data and know-how is considered as confidential information by Tech Magnesium and is not known generally and constitutes a proprietary and intellectual property right and a commercial asset of Tech Magnesium; and,

WHEREAS MOOI, MOPI and Tech Magnesium are herein each a “**Party**” and together the “**Parties**”; and,

WHEREAS for the purposes of this Agreement the Tech Mag Technology wherein the IP rights and provisions for acquisition by Mag One are governed by the terms of this Agreement. For clarity, the Tech Mag Wrought Technology is not included in the Tech Magnesium Technology and Mag One's possible acquisition of the Tech Mag Wrought Technology will be governed by a separate future agreement between the Parties; and,

WHEREAS Mag One and Tech Magnesium wish to collaborate to finalize the development and commercialization of the Tech Mag Technology to produce magnesium metal (the "**Collaboration**"); and,

WHEREAS this Agreement establishes the terms and conditions governing the acquisition of the Tech Mag Technology, the terms of confidentiality and use of confidential information surrounding the Tech Mag Technology, and the engagement of the Services of Tech Magnesium;

NOW THEREFORE in consideration of the mutual covenants and premises herein contained and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. SERVICES

1.1. During the Collaboration and at Mag One's request, Tech Magnesium will provide "Services" in exchange for the Consideration outlined in sections 3.1 and herein with said Services including:

- i) Technical guidance during execution of Phases 1, 2 and 3 as outlined in section 2 herein;
- ii) Technical and strategic planning assistance to Mag One to help develop a strategy/roadmap to meet Mag One's Business goals
- iii) Services will be provided on a commercially reasonable efforts basis and on a part time basis when Mag One requests and as Tech Magnesium's availability and time commitments permit.
- iv) Tech Magnesium will provide Services in a professional and good & workmanlike manner, with commercially reasonable skill and care. However, said Services are provided without warranty, condition or term of any kind, either express or implied including without limitation, warranties or conditions of merchantability, fitness for a particular purpose, satisfactory quality, lack of viruses, non-infringement, accuracy, and/or completeness of results.

2. TECHNOLOGY ACQUISITION

2.1. Mag One's intention is to seek acquisition of one hundred percent (100%) ownership interest in the Tech Mag Technology within sixty (60) months from the Effective Date in exchange for the Consideration outlined in section 3.6 herein. Mag One commits to providing the necessary resources to develop and commercialize the Tech Mag Technology. Specifically, Mag One will seek funding and government support to carry out Phase 1 of the Collaboration with Phase 1 work to be completed within thirteen (13) months of the Effective Date and Phase 2 of the Collaboration carried out over the next 36 months after

completion of Phase 1 and Phase 3 of the Collaboration within 5 years of the Effective Date:

- (i) Phase 1: Lab-scale, proof-of-concept testing, with thermodynamic modelling as required to demonstrate the feasibility of Mg metal production by the Tech Mag Technology.
- (ii) Phase 2: Design, construction and operation of a small-scale pilot test facility to demonstrate the ability to technically and economically produce Mg metal by the Tech Mag Technology. It is the Parties intention to seek funding from federal and provincial government agencies to support Phase 2 work.
- (iii) Phase 3: Design, construction and operation of the first Mg metal commercial module (minimum of 5,000 tpa production capacity) using Tech Mag Technology.

In addition to Phase 1 to 3 milestones, Mag One will conduct engineering studies in parallel with the technical work to confirm technical and financial feasibility.

- 2.2. Mag One will issue a written GO/NO GO Decision to Tech Magnesium at the completion of Phase 1 and Phase 2. In the event that Mag One issues a NO GO Decision, then Mag One will be deemed as initiating the termination and the provisions of termination in section 4.3. herein will prevail.
- 2.3. In exchange for Mag One providing funding together with arranging for other government funding for Phases 1 to 3, during the Term, Tech Magnesium will grant Mag One an exclusive option ("**Exclusive Option**") to acquire full ownership of the IP for Tech Magnesium Technology including all data, improvements and foreground and background intellectual property, including new patents related to the Tech Mag Technology. It is understood that if Mag One fulfills the provisions of acquisition in full as per Section 3 of this Agreement then the background intellectual property together with the foreground intellectual property, new intellectual property, improvements and data will be owned by MMag One.
- 2.4. Subject to the provisions of section 2.7, Mag One will seek joint ownership with Tech Magnesium of intellectual property for all new patents filed in relation to Tech Mag Technology.
- 2.5. Any equipment purchased by Mag One will remain the property of Mag One regardless of whether the Exclusive Option is exercised.
- 2.6. Unless the Parties agree in writing to an extension or unless the Agreement is terminated under the provisions herein in section 4 or unless Mag One issues an Exercise Notice, the "**Term**" of this Agreement will be sixty (60) months from the Effective Date. During the Term, the Parties will work exclusively with each other on the Collaboration to advance the Tech Mag Technology. Subject to an agreement in writing between the Parties, the Collaboration will be extended to also include the Tech Mag Wrought Technology. Work with any third party on matters pertaining to the Collaboration must first be approved in writing by each Party.
- 2.7. Provided this Agreement has not been terminated under the provisions of section 4, the Parties agree that Mag One can exercise its Exclusive Option at any time within sixty (60) months of the Effective Date by issuing a written notice

to that effect to Tech Magnesium ("**Exercise Notice**"). During the Term, the Parties undertake to negotiate agreeable Acquisition Payments which will allow Mag One to fully acquire exclusive worldwide ownership of the Tech Mag Technology. Until such time as Mag One issues an Exercise Notice and fulfills the Acquisition Payments, Tech Magnesium shall retain exclusive ownership and title to the Tech Mag Technology including background intellectual property, existing data, all new data, improvements and foreground intellectual property and new patents including jointly owned patents.

- 2.8. During the Term of this Agreement, subject to the provisions of section 4, Mag One will have an Exclusive Worldwide license ("**Exclusive License**") to Tech Mag Technology.
- 2.9. During the Term, if Tech Magnesium is in receipt of an offer to acquire ownership and/or a license to use the Tech Mag Wrought Technology from a 3rd party, Mag One will have exclusive first right of refusal to acquire the Tech Mag Wrought Technology under identical terms to the 3rd party offer.
- 2.10. Tech Magnesium will agree to a commercially reasonable extension of the Term if Phases 2 and 3 are delayed solely due to technical challenges that have materially delayed completion of said Phases or if Tech Magnesium is unable to fulfill its obligations as outlined in Section 1.
- 2.11. Mag One reserves the right to designate any of its subsidiaries, including MOOI or MOPI, as the corporation which will exploit the Tech Mag Technology for no additional compensation to Tech Magnesium. Mag One reserves the right to request that the Services described in section 1 be invoiced directly to MOOI or MOPI as the case may be.

3. **CONSIDERATION**

3.1. **Price of Services (\$Cdn)**

In Consideration for the Services and the quantity of work, Mag One shall compensate Tech Magnesium either at a rate of \$1,000 per day, or if work loads dictate, with a monthly retainer and/or performance payments agreeable to the Parties.

3.2. **Expenses Incurred**

Mag One shall reimburse the following to Tech Magnesium:

Travelling expenses such as airline, train, car rental or lease, hotel, meals, mileage (trips within Ottawa are excluded). Tech Magnesium shall provide the Company with a copy of the invoices relating to the expenses incurred and for which a reimbursement is claimed. The reimbursement of expenses will be at cost with payment to Tech Magnesium within 30 days of receipt of an invoice.

3.3. **Tech Mag Technology Acquisition by Mag One**

Upon issuing an Exercise Notice signaling its intention to acquire Tech Mag Technology, the provisions of Section 3 in their entirety shall remain in effect. Upon issuing an Exercise Notice, Mag One shall make the "**Acquisition Payments**" as outlined in section 2.7 to Tech Magnesium.

- 3.3.1. At any time after issuing an Exercise Notice and provided Mag One has paid in full the agreed upon Acquisition Payments, Mag One may enter into a technology sales agreement or license agreement or the like governing the use of Tech Magnesium Technology by any 3rd Party company ("**3rd Party Agreement**") under the proviso that for each such 3rd Party Agreement Mag One will pay Tech Magnesium either 15% of the value of the sales or license agreement or a minimum amount to be agreed upon by the Parties that is reflective of the value of the 3rd Party Agreement..
4. Tech Magnesium shall retain exclusive ownership and title to the Tech Magnesium Technology until such time as Tech Magnesium has received the Acquisition Payments at which time Tech Magnesium shall transfer exclusive ownership, title and rights to exploit Tech Mag Technology to Mag One. In such event, Mag One is still legally obligated to fulfill its payment requirements in event of a 3rd Party Agreement in accordance with the terms of section 3.3.1 herein.
- 4.1. Either Party may issue a written "**Notice of Breach**" if there is a material breach in the terms of this Agreement. Unless the Party filing the Notice of Breach provides an extension in writing, the Party in breach will have thirty (30) days from the date of said Notice to satisfactorily cure the breach otherwise the Agreement will automatically terminate. In event of a satisfactory cure, the Agreement will automatically return in force.
- 4.2. Unless Tech Magnesium provides an extension in writing, the Agreement including any Exclusive Option, Exclusive License and/or Exercise Notice will automatically terminate and any obligations to maintain or provide ownership rights to Mag One will be withdrawn under the following "**Default**" conditions under the proviso that Mag One fails to cure the Default within thirty (30) days of written notice of Default by Tech Magnesium;
- (i) if Mag One is unable to fulfill its funding obligations required for the completion of Phase 1 within fourteen (14) months of the Effective Date, the completion of Phase 2 within forty-three (43) months of the Effective Date; and the commencement of Phase 3 within sixty (60) months of the Effective Date, or,
 - (ii) if Mag One is in material breach of the terms of this Agreement, or,
 - (iii) if Mag One fails to make any Consideration payments, Acquisition Payments or 3rd Party Agreement payments on scheduled milestone dates as per the provisions of Section 3 or,
 - (iv) if Mag One fails to Issue an Exercise Notice within sixty (60) months of the Effective Date, or,
 - (v) if the Acquisition Payments fail to reach a total amount agreeable to the Parties within two (2) years of the issue date of an Exercise Notice.
- 4.3. Either Party has the option to terminate this Agreement by providing the other Party with ninety (90) days' written notice of said termination (the "**Termination Notice**") for the following reasons:
- i. Mag One may issue a Termination Notice if Mag One decides to no longer pursue Phases 1, 2 or 3, for any reason. If Mag One issues the Termination Notice, Tech Magnesium will retain all ownership, title and right to exploit the Tech Mag Technology, including all related equipment, data, improvements,

foreground and background intellectual property, including new or shared patents.

- ii. Tech Magnesium may issue a Termination Notice if Tech Magnesium is unable to fulfill the Services outlined in Section 1.1 for reasons of health of Doug Zuliani, If Tech Magnesium issues a Termination Notice for reasons of health of Doug Zuliani, the Parties will negotiate the terms of transfer of ownership and title to Tech Magnesium Technology to Mag One as follows:
 - a. Payment of Services outlined in Section 3.1 will terminate.
 - b. If said health reason Termination occurs during the Term, the Parties agree to undertake to negotiate equitable payment for the exclusive rights to the Tech Mag Technology that is commensurate with the value of the agreed Acquisition Payments:

4.4. Following the transfer of title to Tech Mag Technology to Mag One in accordance with the provisions of section 3, this Agreement will automatically terminate. In the event of such termination, Mag One remains legally obligated to fulfill its 3rd Party Agreement payments in full as per the terms of section 3.3.14.

5. GENERAL PROVISIONS

- 5.1.** Unless both Parties agree in writing to modify, amend or enter into a new Agreement, or unless there is a termination under the provisions of section 4, neither Party can terminate this Agreement during the execution of Phases 1, 2 and 3.
- 5.2.** Unless the Parties agree in writing to the contrary, the provisions of Confidentiality and Non-use of Section 6 will remain in effect indefinitely.
- 5.3.** Mag One indemnifies and will hold Tech Magnesium harmless from any and all liabilities that may arise during the term of this Agreement and after the Agreement has terminated.
- 5.4.** Tech Magnesium indemnifies and will hold Mag One harmless from any and all liabilities that may arise during the term of this Agreement and after the Agreement has terminated.
- 5.5.** Nothing in this Agreement shall be deemed as preventing one Party from seeking provisional or equitable relief (including, without limitation, injunctive relief) against the other Party, from any court of competent jurisdiction before, after or concurrent with mediation, arbitration or other proceeding, if the Party seeking such relief reasonably believes such action is necessary to avoid irreparable harm to itself or to preserve its rights under this Agreement.
- 5.6.** This Agreement constitutes the entire agreement between the Parties hereto with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the Parties.
- 5.7.** This Agreement may not be assigned by any Party without the written consent of the other Party.
- 5.8.** The preamble forms an integral part of this Agreement.

- 5.9. This Agreement shall be construed and governed by the laws of the Province of Ontario, Canada. The Parties agree that the courts of the Province of Ontario located in Ottawa will be the courts of competent jurisdiction.
- 5.10. Any demand notice or other communication to be given in connection with this Agreement shall be given in writing and shall be given by personal delivery, by registered mail or by electronic means of communication addressed to the recipient as appears at the beginning of this Agreement or to such other address or electronic communication number as may be designated by notice given by either Party to the other.
- 5.11. No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by both Parties hereto.
- 5.12. This Agreement shall inure to the benefit of, and is binding on, the Parties, their legal representatives, successors and permitted assigns.
- 5.13. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, such provisions shall be enforced to the maximum extent permitted by law, and the remaining provisions shall not be affected, or otherwise impaired.

6. CONFIDENTIALITY AND NON-USE

- 6.1. **“Confidential Information”**: includes, but is not limited to, the following types of information and other information of a similar nature: know-how, designs, drawings, specifications, chemistry, documentation, diagrams, flow charts, software, process-related information, trade secrets, marketing and development plans, business plans, financial information, customer information, price information, quotations, and other similar information that the Disclosing Party considers and treats as being confidential, secret, valuable or proprietary. Confidential Information may be conveyed to either Party in any form, either written or verbal or electronic. All written or electronic Confidential Information shall be clearly identified as "Confidential" or "Proprietary" at the time of disclosure or within five (5) working days after first disclosure. If Confidential Information is conveyed verbally, it shall be reduced to writing, and identified as outlined herein, within five (5) working days.
- 6.2. **“Disclosing Party”** is the Party to this Agreement that provides Confidential Information to the other Party. **“Receiving Party”** is the party to this Agreement that receives Confidential Information from the other Party;
- 6.3. For the purposes of this Agreement, Confidential Information does not include:
- (i) any information that was known to Mag One or Tech Magnesium or lawfully developed independently by Mag One or Tech Magnesium prior to the disclosure of Confidential Information, as demonstrated by said Parties written and dated records;
 - (ii) any information that, at the time of disclosure, was in the public domain or thereafter becomes part of the public domain through no breach of this Agreement by either Party;
 - (iii) any information that Mag One or Tech Magnesium receives in good faith from a 3rd party which, to their knowledge was lawfully obtained and disclosed;

- (iv) any information which is required to be disclosed by Mag One or Tech Magnesium pursuant to judicial, administrative or regulatory process or in connection with any inquiry, investigation, action, suit, proceeding or claim or any stock exchange or securities commission.
- 6.4.** At all times after disclosure of Confidential Information, the following provisions of confidentiality and non-use shall apply:
- (i) The Parties shall not disclose to any 3rd party who is not directly involved with the execution of this Agreement, any Confidential Information in whole or in part without the Disclosing Party's written authorization;
 - (ii) Except for the purpose of carrying out the Agreement and the Consultation, the Parties shall not use any Confidential Information in whole or in part without the Disclosing Party's written authorization;
 - (iii) The Parties agree to keep all Confidential Information strictly secret and confidential and to that end, without limiting the generality of the foregoing, to cause all materials prepared by them relating to or containing such Confidential Information to be plainly marked to indicate the secret and confidential nature thereof. Each Party will take such measures to protect the Confidential Information as that Party takes to protect its own confidential information;
 - (iv) Each Party agrees to restrict any disclosure of Confidential Information only to those of its employees, consultants, officers or directors who are involved with the execution of this Agreement and whose knowledge of such Confidential Information is necessary for the purposes of executing this Agreement.
 - (v) Mag One agrees to cause each individual to whom Confidential Information is disclosed including all full-time and part-time employees of Mag One, its related companies and affiliated companies, its board of directors and its shareholders as well as each consultant and advisory team member to be fully apprised of the obligations of confidentiality and to agree in writing to adhere to the terms of confidentiality as per Attachment 1.
 - (vi) Within twenty (20) business days of the termination of this Agreement, the Receiving Party shall confirm in writing by authorized legal counsel the return and destruction of all Confidential Information of Disclosing Party including all materials containing or making reference to Confidential Information prepared by the Receiving Party.
- 6.5.** Both Parties obligations of confidentiality and non-use for their general confidential information excluding information on the Tech Mag Technology and Tech Mag Wrought Technology in whole or in part shall be for ten (10) years from the date of termination of this Agreement. Unless Tech Magnesium agrees in writing to the contrary, Mag One's obligations pursuant to the disclosure and non-use of Confidential Information pertaining to the Tech Mag Technology and Tech Mag Wrought Technology in whole or in part as defined herein shall continue to remain in effect until such time as the Tech Mag Technology and Tech Mag Wrought Technology enters the public domain through no breach of this Agreement.

- 6.6. Both Parties acknowledge and agree that Confidential Information is provided “as is”, without warranty, condition or term of any kind, either expressed or implied, arising by statute, operation of law, course of dealing, usage of trade or otherwise, including, without limitation, warranties or conditions of merchantability, fitness for a particular purpose, satisfactory quality, lack of viruses, non-infringement, accuracy, completeness, results, lack of negligence and/or lack of workmanlike effort.
- 6.7. Except for the provisions under sections 2 and 3 herein, nothing in this Agreement shall be construed as granting Mag One any right to disclose, to use, to license, to sell, to assign, or otherwise to transfer Tech Mag Technology in whole or in part to any 3rd party.

ACKNOWLEDGED AND AGREED:

By: “Douglas J Zuliani”

Douglas J Zuliani, Eng.

President **8200475 CANADA INC**

By: “Gillian Holcroft”

Gillian Holcroft, Eng.

President and CEO **Mag One Operations Inc.**

Dated: January 3, 2019

ATTACHMENT 1

I (printed name) _____

residing at _____

acknowledge receipt of Confidential Information on Tech Mag Technology or Tech Mag Wrought Technology and have read, understand and agree to abide by the obligations of Confidentiality and Non-Use in full as defined in Section 5 of the Tech Magnesium Technology IP Acquisition Agreement dated January 3, 2019.

Signed _____

Dated: _____