

## AGENCY AGREEMENT

December 23, 2020

KABN Systems NA Holdings Corp.  
1-7357 Woodbine Avenue, Suite 605  
Markham, ON L3R 6L3

**Attention: David Lucatch, Chief Executive Officer and President**

Dear David:

The undersigned, Mackie Research Capital Corporation (the "**Agent**"), understands that KABN Systems NA Holdings Corp. (the "**Corporation**") proposes to create, issue and sell, subject to the terms and conditions set forth herein 6,666,667 units of the Corporation (the "**Units**") at a price of \$0.15 per Unit (the "**Purchase Price**"), for total gross proceeds to the Corporation of \$1,000,000 (the "**Offering**"). Each Unit will consist of one Unit Share (as hereinafter defined) and one Warrant (as hereinafter defined), with each whole Warrant entitling the holder to purchase one Warrant Share (as hereinafter defined) at an exercise price of \$0.20 per Warrant Share prior to the Expiry Date (as hereinafter defined).

Upon and subject to the terms and conditions set forth herein, the Corporation hereby appoints the Agent, and the Agent hereby agrees to act, as sole agent and sole bookrunner to the Corporation to effect the sale of the Units on behalf of the Corporation on a "best efforts" basis under the Offering, to Purchasers (as hereinafter defined) resident in the Qualifying Provinces (as hereinafter defined) and in those jurisdictions outside of Canada consented to by the Corporation where the Units may be lawfully sold pursuant to the terms and conditions hereof. It is understood and agreed that the Agent is under no obligation to purchase any of the Units, although the Agent may subscribe for Units if it so desires.

In addition, the Corporation hereby grants to the Agent an irrevocable option (the "**Over-Allotment Option**") to offer for sale up to an additional 15% of the number of Units issued in connection with the Offering (the "**Over-Allotment Units**") which option may be exercised by the Agent, in whole or in part, by providing written notice forty-eight (48) hours prior to the Closing Time (as hereinafter defined). Unless the context otherwise requires, all references to the "Offering" and the "Units" shall include any Over-Allotment Units issued in connection with the exercise of the Over-Allotment Option. If exercised, any Units issued upon exercise of the Over-Allotment Option shall be deemed to form part of the Offering for the purposes hereof.

The parties acknowledge that the Unit Shares, Warrants and Warrant Shares have not been and will not be registered under the U.S. Securities Act (as hereinafter defined), and may not be offered or sold in the United States (as hereinafter defined) or to, or for the benefit or account of, U.S. Persons (as hereinafter defined) or persons in the United States, except pursuant to exemptions from the registration requirements of the U.S. Securities Act and the applicable laws of any State of the United States.

The Agent shall be entitled to appoint a soliciting dealer group consisting of other registered dealers in the Qualifying Provinces, acceptable to the Corporation for the purposes of arranging for purchasers of the Units. The Agent shall determine the remuneration payable by the Agent to the Selling Group, provided that such remuneration shall not in any way increase the aggregate amounts payable to the Agent by the Corporation under this Agreement. Any investment dealer or broker who is a member of any Selling Group formed by the Agent pursuant to the provisions of this Agreement or with whom the Agent has a contractual relationship with respect to the Offering, if any, shall agree with the Agent to comply with the covenants and obligations given by the Agent herein.

In consideration of the services to be rendered by the Agent in connection with the Offering, the Corporation will pay to the Agent at the Closing Time the Commission (as hereinafter defined) and the Compensation Options (as hereinafter defined) in accordance with Section 13. The obligation of the Corporation to pay the Commission and issue the Compensation Options shall arise at the Closing Time and the Commission and the Compensation Options shall be fully earned by the Agent upon completion of the Offering.

## DEFINITIONS

In this Agreement, in addition to the terms defined above or elsewhere in this Agreement, the following terms shall have the following meanings:

"**Advisory Fee Bonus**" has the meaning ascribed to such term in Section 14;

"**Advisory Letter**" has the meaning ascribed to such term in Section 23;

"**Advisory Work Fee**" means the non-refundable work fee payable by the Corporation to the Agent pursuant to section 5 of the Financial Advisory Agreement;

"**Agent**" means Mackie Research Capital Corporation;

"**Agent's Fee**" has the meaning ascribed to such term in Section 14;

"**Agent's Orders**" has the meaning ascribed to such term in Section 14;

"**Agreement**" means the agreement resulting from the acceptance by the Corporation of the offer made hereby;

"**Business Day**" means a day which is not a Saturday, Sunday or statutory or civic holiday in the city of Toronto, Ontario;

"**Closing**" means the closing on the Closing Date of the transaction of purchase and sale in respect of the Units as contemplated by this Agreement and the Subscription Agreements;

"**Closing Date**" means December 23, 2020, or such other date as the Corporation and the Agent may agree;

"**Closing Time**" means 10:00 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Corporation and the Agent may agree;

"**Commission**" has the meaning ascribed to such term in Section 13;

"**Common Share**" means a common share in the capital of the Corporation and "**Common Shares**" means, collectively, the common shares in the capital of the Corporation;

"**Compensation Option Certificate**" means the certificate representing the Compensation Options;

"**Compensation Options**" has the meaning ascribed to such term in Section 13;

"**Compensation Shares**" has the meaning ascribed to such term in Section 13;

"**Compensation Units**" has the meaning ascribed to such term in Section 13;

"**Compensation Warrant Shares**" has the meaning ascribed to such term in Section 13;

"**Compensation Warrants**" has the meaning ascribed to such term in Section 13;

"**Confidential Information**" has the meaning ascribed to such term in Section 16(a);

"**Corporation**" means KABN Systems NA Holdings Corp., a corporation incorporated under the *Business Corporations Act* (British Columbia);

"**Corporation's Auditors**" means such firm of chartered accountants as the Corporation may have appointed or may from time to time appoint as auditors of the Corporation;

"**CSE**" means the Canadian Securities Exchange;

"**Debt Instrument**" means any loan, bond, debenture, promissory note or other instrument evidencing indebtedness (demand or otherwise) for borrowed money or other liability;

"**Engagement Letter**" has the meaning ascribed to such term in Section 23;

"**Environmental Laws**" has the meaning ascribed to such term in Section 4(nn);

"**Expiry Date**" means the date that is 24 months following the Closing Date;

"**Financial Advisory Agreement**" means the financial advisory agreement between the Corporation and the Agent dated November 9, 2020;

"**Financial Statements**" means:

- (i) the audited financial statements of the Corporation as at and for the period from May 1, 2019 to December 31, 2019, together with the notes thereto and the auditors' report thereon, and management's discussion and analysis of the results of operations and financial condition relating thereto; and
- (ii) the interim financial statements of the Corporation as at and for the three and nine month periods ended September 30, 2020, together with the notes thereto and management's discussion and analysis of results and operations and financial condition relating thereto;

"**Financing**" has the meaning ascribed to such term in Section 15(a);

"**Governmental Authority**" means any governmental authority and includes, without limitation, any national or federal government, province, state, municipality or other political subdivision of any of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing;

"**Hazardous Materials**" has the meaning ascribed to such term in Section 4(nn);

"**IFRS**" means International Financial Reporting Standards;

"**Indemnified Party**" shall have the meaning ascribed thereto in Section 11;

"**Indemnitor**" shall have the meaning ascribed thereto in Section 11;

"**Intellectual Property**" has the meaning ascribed to such term in Section 4(v);

"**KABN IP**" means intellectual property the Material Subsidiary uses in its business and that is licensed or sublicensed from KABN (Gibraltar) Limited, as described under Section 4.3.2 – "Narrative Description of the Business – Production and Sales – Intellectual Property" in the Listing Statement;

"**KABN License**" means the exclusive rights to use and exploit the KABN IP in connection with the operations of the Material Subsidiary in Canada and the United States of America, granted by KABN (Gibraltar) Limited to the Material Subsidiary on May 15, 2019 pursuant to the KABN License Agreement;

"**KABN License Agreement**" means the agreement dated May 15, 2019 under which the Material Subsidiary licenses or sublicences certain Intellectual Property and know-how from or of KABN (Gibraltar) Limited;

"**Liens**" means any encumbrance or title defect of whatever kind or nature, regardless of form, whether or not registered or registrable and whether or not consensual or arising by law (statutory or otherwise), including any mortgage, lien, charge, pledge or security interest, whether fixed or floating, or any assignment, lease, option, right of re-emption, privilege, encumbrance, easement, servitude, right of way, restrictive covenant, right of use or any other right or claim of any kind or nature whatever which affects ownership or possession of, or title to, any interest in or the right to use or occupy such property or assets;

"**Listing Statement**" means Corporation's listing statement dated June 5, 2020 filed with the CSE in connection with the reverse-takeover of the Corporation by the Material Subsidiary;

"**Material Adverse Effect**" when used in connection with an entity means any change (including a decision to implement such a change made by the board of directors or by senior management who believe that confirmation of the decision by the board of directors is probable), event, violation, inaccuracy, circumstance or effect that is materially adverse to the business, assets (including intangible assets), liabilities, capitalization, ownership, financial condition or results of operations of such entity;

"**Materials**" means, without limitation, any written materials relating to the Corporation or the Material Subsidiary or any of their respective its officers or directors provided by the Corporation to the Agent and the Agent's counsel in connection with the Offering;

"**Material Subsidiary**" means KABN Systems North America Inc., a corporation incorporated under the *Business Corporations Act* (Ontario);

"**misrepresentation**", "**material fact**", "**material change**", "**affiliate**", "**associate**" and "**distribution**" shall have the respective meanings ascribed thereto in the *Securities Act* (Ontario);

"**Non-Brokered Offering**" has the meaning ascribed to such term in Section 14;

"**Offering**" has the meaning ascribed to such term on the face page of this Agreement;

"**Over-Allotment Option**" has the meaning ascribed to such term on the face page of this Agreement;

"**Over-Allotment Units**" has the meaning ascribed to such term on the face page of this Agreement;

"**Person**" shall be broadly interpreted and shall include any individual, corporation, partnership, joint venture, association, trust or other legal entity;

"**President's List**" has the meaning ascribed to such term in Section 13;

"**Public Record**" means all publicly available press releases, material change reports, information circulars, management's discussion and analysis, annual information forms, financial statements, business acquisition reports and other documents, including the Listing Statement, that have been disclosed by the Corporation to the public or filed by the Corporation with applicable securities regulatory authorities in the provinces where the Corporation is a reporting issuer pursuant to applicable securities laws or otherwise posted by the Corporation on SEDAR as of the date of this Agreement;

"**Purchase Price**" has the meaning ascribed to such term on the face page of this Agreement;

"**Purchasers**" means the Persons who, as purchasers, acquire Units by duly completing, executing and delivering the Subscription Agreements;

"**Qualifying Province**" means the province of Canada in which a Purchaser is resident and "**Qualifying Provinces**" means, collectively, all of the provinces of Canada in which Purchasers are resident;

"**Right of First Refusal**" has the meaning ascribed to such term in Section 15(a);

"**Right of First Refusal Period**" has the meaning ascribed to such term in Section 15(a);

"**Securities Laws**" means, unless the context otherwise requires, all applicable securities laws in each of the Qualifying Provinces, the respective regulations made thereunder, together with applicable published fee schedules, prescribed forms, policy statements, multilateral and national instruments, orders, blanket rulings and other regulatory instruments of the securities regulatory authorities in such jurisdictions and, in connection with the offer and sale of Units in the United States, all applicable securities laws in the United States (including the U.S. Securities Act and the securities laws of any state of the United States), and the rules of any applicable stock exchange (including the CSE);

"**Subscription Agreements**" means, collectively, the subscription agreements in the form agreed upon by the Agent and the Corporation pursuant to which Purchasers agree to subscribe for and purchase the Units as contemplated herein and shall include, for greater certainty, all schedules and exhibits thereto;

"**subsidiary**" has the meaning ascribed thereto in the *Securities Act* (Ontario);

"**Taxes**" means all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto;

"**Transaction Documents**" means, collectively, this Agreement, the Subscription Agreements and the certificates representing the Warrants and the Compensation Options;

"**Unit Shares**" means the Common Shares partially comprising the Units;

"**United States**" means the United States of America as defined in Regulation S under the U.S. Securities Act;

"Units" has the meaning ascribed to such term on the face page of this Agreement;

"U.S. Person" means a U.S. person as that term is defined in Rule 902(k) of Regulation S under the U.S. Securities Act;

"U.S. Securities Act" means the United States Securities Act of 1933, as amended;

"Warrants" means Common Share purchase warrants of the Corporation, with each whole warrant being exercisable to acquire, subject to adjustment, one Warrant Share at an exercise price of \$0.20 per Warrant Share until 5:00 p.m. (Toronto Time) on the Expiry Date; and

"Warrant Shares" means the Common Shares issuable upon exercise of the Warrants.

## TERMS AND CONDITIONS

1.

(a) **Sale on Exempt Basis.** The Agent shall offer for sale the Units comprising the Offering on behalf of the Corporation:

(i) in the Qualifying Provinces in compliance with all applicable Securities Laws and in such other jurisdictions outside of Canada agreed to by the Corporation; and

(ii) only to such Purchasers and in such manner so that the sale of the Units to such Purchasers is exempt from any prospectus or offering memorandum filing or delivery requirement or similar requirement of applicable securities laws and is otherwise in compliance with all applicable Securities Laws and all applicable securities laws of such other jurisdictions.

(b) **Filings.** The Corporation undertakes to file or cause to be filed all forms or undertakings required to be filed by the Corporation in connection with the purchase and sale of the Units so that the distribution of the Units may lawfully occur without the necessity of filing a prospectus, a registration statement or an offering memorandum in Canada (but on terms that will permit the Units acquired by the Purchasers in the Qualifying Provinces to be sold by such Purchasers in the Qualifying Provinces subject to, and in compliance with, applicable Securities Laws), and the Agent undertakes to cause the Purchasers to complete any forms required by Securities Laws or other applicable securities laws and by the CSE. All fees payable in connection with such filings under all applicable Securities Laws shall be at the expense of the Corporation.

(c) **No Advertising.** None of the Corporation or the Agent shall advertise the offer and sale of the Units in any newspaper, magazine, printed media or similar medium of general and regular paid circulation, broadcast over radio or television or by means of the Internet or conduct any seminar or meeting relating to the offer and sale of the Units whose attendees have been invited by general solicitation or advertising.

2. **Covenants.** The Corporation hereby covenants to the Agent and to the Purchasers and their permitted assigns, and acknowledges that each of them is relying on such covenants in purchasing the Units, that the Corporation shall:

(a) for as long as any Warrants remains issued and outstanding, use commercially reasonable efforts to maintain its status as a "reporting issuer" under Securities Laws of the provinces of British

Columbia, Alberta, Manitoba and Ontario not in default of any requirement of such Securities Laws, provided that this covenant shall not prevent the Corporation from completing any transaction which would result in the Corporation ceasing to be a "reporting issuer" so long as the holders of Unit Shares, Warrants and Warrant Shares receive securities of an entity which is a "reporting issuer" or cash or the holders of the common shares have approved the transaction in accordance with the requirements of applicable laws;

(b) duly execute and deliver the Subscription Agreements and the certificates representing the Warrants and the Compensation Option Certificates, at the Closing Time, and comply with and satisfy all terms, conditions and covenants therein contained to be complied with or satisfied;

(c) use commercially reasonable efforts to fulfil or cause to be fulfilled, at or prior to the Closing Time, each of the conditions required to be fulfilled by it under Section 7;

(d) ensure that at the Closing Time, the Warrants are duly and validly created, authorized and issued and shall have attributes corresponding in all material respects to the description set forth in the certificates representing the Warrants;

(e) ensure that at the Closing Time, the Compensation Options are duly and validly created, authorized and issued and have attributes corresponding in all material respects to the description set forth in the Compensation Option Certificates;

(f) ensure that, at all times prior to the expiry date of the Warrants, a sufficient number of Warrant Shares are allotted and reserved for issuance upon the exercise of the Warrants;

(g) ensure that, at all times prior to the expiry date of the Compensation Warrants, a sufficient number of Compensation Warrant Shares are allotted and reserved for issuance upon the exercise of the Compensation Warrants;

(h) ensure that the Warrant Shares issuable upon the exercise of the Warrants, the Compensation Shares issuable upon the exercise of the Compensation Options and the Compensation Warrant Shares issuable upon exercise of the Compensation Warrants shall, upon issuance in accordance with their terms including, without limitation, payment of the exercise price therefor, be duly issued as fully paid and non-assessable Common Shares;

(i) use the net proceeds of the Offering for working capital requirements and other general corporate purposes;

(j) ensure that all necessary notices and filings will have been made before the Closing Time and that all necessary consents, approvals and authorizations will have been obtained by the Corporation from the CSE (if applicable) to ensure that the Unit Shares, Warrant Shares, Compensation Shares and Compensation Warrant Shares will be listed and posted for trading on the CSE upon and at the time of their due and valid issuance;

(k) ensure that all information (including, without limitation, financial information) and statements (except information and statements relating solely to the Agent) relating to the Corporation provided to the Agent and the Purchasers will be true and correct in all material respects at the time of delivery thereof and will not contain any misrepresentation;

(l) during the period from the date hereof to the Closing Date, subject to applicable law, the Corporation shall obtain the prior approval of the Agent as to the content and form of any press release

relating to the Offering (provided, however, that if the Agent has not provided its approval of any press release, acting reasonably, within 24 hours of being provided with a copy of such release, the Corporation shall be permitted to issue such news release at such time as it deems appropriate in order to comply with Securities Laws or other applicable securities laws); and

(m) provided that the Offering is completed and the Corporation receives gross proceeds of at least \$1,000,000, the Corporation undertakes to use its commercially reasonable efforts cause each of the directors, senior officers and insiders of the Corporation to enter into a lock-up agreement in favour of the Agents on or prior to the Closing Date, in a form satisfactory to the Agent, acting reasonably, pursuant to which they will covenant and agree that, for the 120 day period following the Closing Date, they will not, directly or indirectly, offer, sell, contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, any Common Shares, or other securities of the Corporation convertible into, exchangeable for or exercisable to acquire, Common Shares, directly or indirectly, without the prior written consent of the Agent (such consent not to be unreasonably withheld or delayed), provided that the Agent's consent shall not be required in connection with: (i) the exercise of previously issued options or other convertible securities; (ii) transfers among a shareholder's affiliates or associates for tax other planning purposes; or (iii) a tender or sale by a shareholder of securities of the Corporation in or pursuant to a take-over bid or similar transaction involving a change of control of the Corporation.

3. **Additional Covenants of the Corporation.** In addition to any other covenant of the Corporation set forth in this Agreement, the Corporation covenants with the Agent that:

(a) *Due Diligence.* The Agent will be permitted to conduct reasonable due diligence based on information disclosed publicly by the Corporation including in filings made under the Corporation's SEDAR profile, shall have the right to request certain non-public material information with respect to the Corporation and its principal assets. The Agent may request that the Corporation provide clarifications to questions of the Agent arising from the Agent's review of such information. The Agent may also request, upon reasonable prior notice, a telephone call with representatives of the Corporation prior to Closing to confirm whether any non-public adverse material information has arisen which would require disclosure prior to Closing. The Corporation will make available to the Agent, on a timely basis, all corporate, business and operating records, financial information, budgets and other information which the Agent may reasonably request, as well as access to key officers of the Corporation and to advisors and experts retained by the Corporation in order to enable the Agent to complete its due diligence investigation. From the effective date hereof to the Closing Time, it will promptly provide to the Agent, for review by the Agent and the Agent's counsel, prior to filing or issuance of the same, any proposed public disclosure document, including without limitation, any financial statements of the Corporation, report to shareholders, information circular or any press release or material change report, subject to the Corporation's obligations under applicable Securities Laws to make timely disclosure of material information, and the Agent agrees to keep such information confidential until it is disseminated into the marketplace;

(b) *Private Placement.* As soon as reasonably possible, and in any event by the Closing Date, the Corporation shall take all such steps as may reasonably be requested by the Agent and its counsel to enable the Unit Shares and Warrants to be offered for sale and sold on a private placement basis to Purchasers in the Qualifying Provinces that qualify as "accredited investors" under the applicable Securities Laws through the Agent or any other investment dealers or brokers registered in any of the



Qualifying Provinces by way of the exemptions set forth in applicable Securities Laws of each of the Qualifying Provinces;

(c) *Covenants.* The Corporation will duly, faithfully and punctually perform all the obligations to be performed by it and comply with its covenants and agreements hereunder and under the Subscription Agreements;

(d) *Other Filings.* The Corporation will make all necessary filings, obtain all necessary regulatory consents and approvals (if any) and the Corporation will pay all filing fees required to be paid in connection with the transactions contemplated in this Agreement;

(e) *Dealings.* The Corporation will not, during the period commencing on the date hereof and ending on the Closing Date, (i) enter into any discussion with any other investment dealer or broker concerning any equity or convertible debt offering or other financing by or involving the Corporation, or (ii) offer to sell, or solicit any offer to sell, any material assets or undertakings of the Corporation, without the prior consent of the Agent (not to be unreasonably withheld or delayed). Moreover, the Corporation shall direct all enquires from persons expressing interest in participating in the Offering to the Agent, provided, however, that nothing in this Section shall prohibit, prevent or impair the directors of the Corporation from exercising or complying with their fiduciary duties.

4. **Representations and Warranties of the Corporation.** The Corporation represents and warrants to the Agent and to the Purchasers, and acknowledges that each of them is relying upon such representations and warranties in acting as agent, in the case of the Agent, and in purchasing the Units, in the case of the Purchasers, that:

(a) each of the Corporation and the Material Subsidiary has been duly incorporated and is validly existing under the laws of its jurisdiction of existence, has all requisite corporate power and capacity to own, lease and operate its properties and assets and no steps or proceedings have been taken by any person, voluntary or otherwise, requiring or authorizing the dissolution or winding-up of the Corporation or the Material Subsidiary;

(b) the Corporation has no material direct or indirect subsidiaries or any material investment or proposed investment in any person other than the Material Subsidiary. The Corporation beneficially owns, directly or indirectly, all of the issued and outstanding shares in the capital of the Material Subsidiary, free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands of any kind whatsoever, all of such shares have been duly authorized and validly issued and are outstanding and no person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option, for the purchase from the Corporation or the Material Subsidiary of any interest in any of such issued shares or for the issue or allotment of any unissued shares in the capital of the Material Subsidiary or any other security convertible into or exchangeable for any such issued shares or unissued shares in the capital of the Material Subsidiary, as applicable;

(c) the Corporation has the corporate power and capacity to issue, sell and deliver the Unit Shares, the Warrants, the Warrant Shares that may be issued upon the exercise of the Warrants, the Compensation Options and the Compensation Shares and the Compensation Warrants that may be issued upon the exercise of the Compensation Options and the Compensation Warrant Shares that may be issued upon the exercise of the Compensation Warrants, to grant the Over-Allotment Option and to enter into and perform its obligations under this Agreement and the Subscription Agreements;

(d) the execution and delivery of the Transaction Documents and the performance by the Corporation of its obligations hereunder and thereunder do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, whether after notice or lapse of time or both: (i) any statute, rule or regulation applicable to the Corporation, including any applicable Securities Laws; (ii) the constating documents, by-laws or resolutions of the directors or shareholders of the Corporation which are in effect at the date hereof; (iii) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which the Corporation is a party or by which it is bound; or (iv) any judgment, decree or order binding the Corporation or the property or assets of the Corporation, except where such breach, violation or default, as applicable, would not have a Material Adverse Effect;

(e) each of the Transaction Documents has been duly authorized and executed and delivered by the Corporation and constitutes a valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law;

(f) at the Closing Time the Corporation shall have taken all necessary corporate action to allot and authorize the issuance and sale of the Unit Shares, Warrants and Compensation Options and, upon the due exercise of the Warrants, Compensation Options and Compensation Warrants in accordance with their respective provisions thereof, the Warrant Shares, Compensation Shares and Compensation Warrant Shares will be validly issued as fully paid and non-assessable Common Shares. The Corporation has full corporate power and authority to complete the transactions contemplated by this Agreement and the Subscription Agreements;

(g) the Corporation is a reporting issuer in good standing in each of the Provinces of British Columbia, Alberta, Manitoba and Ontario, and (i) is in compliance, including with respect to the Public Record, with all applicable Securities Laws in all respects, except where any such non-compliance, whether individually or in the aggregate, has not resulted in and would not reasonably be expected to result in a Material Adverse Effect, (ii) no portion of the Public Record, as of the respective dates of the documents contained therein, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading as of the date made, and (iii) has not filed any confidential material change reports that remain confidential;

(h) all consents, approvals, permits, authorizations or filings as may be required to be made or obtained by the Corporation under the Securities Laws necessary for the execution and delivery of the Transaction Documents and the consummation of the transactions contemplated hereby and thereby (including the issuance and sale of the Units, the issuance of the Warrant Shares upon the exercise of the Warrants, the issuance of the Compensation Shares upon exercise of the Compensation Options and the issuance of the Compensation Warrant Shares upon exercise of the Compensation Warrants) have been made or obtained, as applicable (other than the filing of reports required under applicable Securities Laws within prescribed time periods, which documents shall be filed as soon as practicable after the Closing Date and, in any event, prior to any deadline imposed by applicable Securities Laws);

(i) neither the Corporation nor any Material Subsidiary is in violation of its constating documents or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, trust deed, mortgage, loan agreement, note, lease or other

agreement or instrument to which it is a party or by which it or its property may be bound, except where such violation or default in performance would not have a Material Adverse Effect;

(j) to the knowledge of the Corporation, no counterparty to any obligation, agreement, covenant or condition contained in any contract, indenture, trust deed, mortgage, loan agreement, note, lease or other agreement or instrument to which the Corporation or the Material Subsidiary is a party is in default in the performance or observance thereof, except where such violation or default in performance would not have a Material Adverse Effect;

(k) there has not been any adverse material change in the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of the Corporation or the Material Subsidiary from the position set forth in the Financial Statements and, except as disclosed in the Public Record, there has not been any adverse material change in the business, operations, capital or condition (financial or otherwise) or results of the operations of the Corporation or the Material Subsidiary on a consolidated basis since December 31, 2019; and since that date there have been no material facts, transactions, events or occurrences which might reasonably be expected to have a Material Adverse Effect on the Corporation or the Material Subsidiary and, except as disclosed in the Public Record, neither the Corporation nor the Material Subsidiary has entered into any transaction which is or may be material to the Corporation or the Material Subsidiary and which was not in the ordinary course of business;

(l) the Financial Statements, including the certifications of the Corporation's annual filings for the year ended December 31, 2019 and interim filings for the three and nine months ended September 30, 2020 fairly present, in accordance with IFRS, consistently applied, the financial position and condition of the Corporation on a consolidated basis as at the dates thereof and reflect all material liabilities (absolute, accrued, contingent or otherwise) of the Corporation on a consolidated basis as at the dates thereof required to be disclosed in accordance with IFRS, and, except as disclosed in the Public Record, there has been no material change in the accounting policies or practices of the Corporation since December 31, 2019;

(m) except pursuant to the Financial Advisory Agreement, neither the Corporation nor the Material Subsidiary is a party to or bound by any material agreement of guarantee, indemnification or any other like commitment (other than an indemnification of directors and officers in accordance with the by-laws of the Corporation and applicable laws, and indemnification obligations in favour of agents or underwriters of securities offerings, indemnification obligations of the transfer agents or guarantee or indemnification obligations in the ordinary course of its business) of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person other than the Corporation or the Material Subsidiary;

(n) the Corporation and the Material Subsidiary do not have any loans or other material indebtedness currently outstanding to or from any of its insiders, officers, directors or employees or any other person not dealing at arm's length with the Corporation or the Material Subsidiary except as disclosed in the Public Record;

(o) the Corporation and the Material Subsidiary do not have not any liabilities, obligations, indebtedness or commitments, whether accrued, absolute, contingent or otherwise, which are not disclosed or referred to in the Financial Statements and related notes thereto included in the Public Record, other than liabilities, obligations, or indebtedness or commitments: (i) incurred in the normal course of business; or (ii) which have not, whether individually or in the aggregate, resulted in and would not reasonably be expected to result in a Material Adverse Effect;

(p) the Corporation and the Material Subsidiary have good title to all real, immovable, personal and movable properties owned by them, free and clear of all Liens of any kind except for: (i) Liens described in the Public Record, or (iii) Liens which do not, individually or in the aggregate, materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Corporation;

(q) there are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of the Corporation or the Material Subsidiary with unconsolidated entities or other persons that may have a material current or future effect on the condition of the Corporation and the Material Subsidiary on a consolidated basis;

(r) the issued and outstanding Common Shares are listed and posted for trading on the CSE and the Corporation is in compliance with the bylaws, rules and regulations of the CSE in all material respects;

(s) there are no outstanding securities convertible or exchangeable into any securities or ownership interests of the Corporation, or any agreement, warrant, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement, warrant, option or right for the purchase of any unissued shares or other securities of the Corporation, except pursuant to the Financial Advisory Agreement, as disclosed in the Listing Statement and except for (i) options to purchase 6,930,000 Common Shares, (ii) warrants (including finder's warrants) to purchase 34,224,950 Common Shares, and (iii) compensation options entitling the holders to acquire 1,981,600 Common Shares (including pursuant to warrants issuable thereunder);

(t) other than those which have already been obtained and any post-Closing Date filings and distribution reports required to be made under applicable securities laws, no authorization, approval or consent of any court or governmental authority or agency is required to be obtained by the Corporation in connection with the sale and delivery of the Units, Unit Shares, Warrants or Compensation Options;

(u) except as disclosed in the Public Record, the Corporation has not approved, is not contemplating, has not entered into, and has no knowledge of:

(i) the change of control (by sale or transfer of shares or sale of all or substantially all of the assets or otherwise) of the Corporation;

(ii) a proposed or planned disposition of any securities by any insider or any shareholder who owns, directly or indirectly, 5% or more of the issued and outstanding securities of the Corporation; or

(iii) any written or oral agreement, option, understanding or commitment or any right or privilege capable of becoming such, for the purchase, sale, transfer or other disposition of any material property or assets or any interest therein owned directly or indirectly by the Corporation;

(v) the Corporation owns or has licensed all patents, trademarks, copyrights, industrial designs, software, trade secrets, know-how, concepts, information and other intellectual and industrial property (collectively, the "**Intellectual Property**") necessary to permit the Corporation to conduct its business as currently conducted and as proposed to be conducted. The Corporation has not received any notice, nor does the Corporation have knowledge, of any infringement of or conflict with rights of others with respect to any Intellectual Property or of any facts or circumstances that would render any Intellectual Property invalid or inadequate to protect the interests of the Corporation therein and which

infringement or conflict (if subject to an unfavourable decision, ruling or finding) or invalidity or inadequacy would result in, or would reasonably be expected to result in, a Material Adverse Effect;

(w) there are no material restrictions on the ability of the Corporation to use and exploit all rights in the Intellectual Property required in the ordinary course of the Corporation's businesses as currently conducted. None of the rights of the Corporation in the Intellectual Property will be impaired or affected in any way by the transactions contemplated by this Agreement;

(x) the Corporation has not received any notice of infringement of the intellectual property of any third party and, to the knowledge of the Corporation, there are no material infringements of or conflicts with rights of others with respect to any of the Corporation's Intellectual Property or of circumstances that would render any of the Corporation's Intellectual Property invalid or inadequate to protect the interests of the Corporation therein, and which infringement or conflict (if subject to an unfavourable decision, ruling or finding) or invalidity or inadequacy would result in, or would reasonably be expected to result in, a Material Adverse Effect;

(y) the minute books of the Corporation and the Material Subsidiary contain full, true and correct copies of the constating documents of the Corporation and the Material Subsidiary and, at the Closing Time, will contain copies of all minutes of all meetings and all consent resolutions of the directors, committees of directors and shareholders of the Corporation and the Material Subsidiary, and all such meetings were duly called and properly held and all such resolutions were properly adopted;

(z) other than as provided for in this Agreement and the Financial Advisory Agreement, the Corporation has not incurred any obligation or liability, contingent or otherwise, for brokerage fees, finder's fees, agent's commissions or other similar forms of compensation with respect to the Offering;

(aa) except as disclosed in the Public Record, the Corporation is not a party to any written contracts concerning: (i) employees of the Corporation; or (ii) independent contractors of the Corporation, which provide for payments occurring on a change of control of the Corporation;

(bb) the Corporation does not have in place a shareholder rights protection plan;

(cc) Odyssey Trust Company, at its principal office in Toronto, Ontario, is the duly appointed registrar and transfer agent of the Corporation with respect to its Common Shares;

(dd) to the knowledge of the Corporation, the books of account and other records of the Corporation, whether of a financial or accounting nature or otherwise, have been maintained in accordance with prudent business practices;

(ee) the Corporation is not currently prohibited, directly or indirectly, from paying any dividends, from making any other distribution on its capital stock or other securities, or from paying any interest or repaying any loans, advances or other indebtedness of the Corporation or the Material Subsidiary;

(ff) neither the Corporation nor the Material Subsidiary is a party to or bound by any non-competition agreement or any other agreement or convention limiting the ability of the Corporation or the Material Subsidiary to compete in a field or in a territory whatsoever or restricting the ability of the Corporation or the Material Subsidiary to engage in business activities of any nature, provided that the KABN Licence is limited to Canada and the United States of America;

(gg) the Corporation has no direct or indirect subsidiaries, other than the Material Subsidiary, or any investment or proposed investment in any person which is or would be material to the business and affairs of the Corporation;

(hh) the Corporation's Auditors who audited the Financial Statements and who provided their audit report thereon are independent public accountants as required under applicable Securities Laws and there has never been a "reportable event" (within the meaning of National Instrument 51-102 – Continuous Disclosure Obligations) between the Corporation and the Corporation's Auditors or, to the knowledge of the Corporation, any former auditors of the Corporation;

(ii) all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "**Taxes**") due and payable by the Corporation and the Material Subsidiary have been paid or accrued. All tax returns, declarations, remittances and filings required to be filed by the Corporation and the Material Subsidiary have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading, except where the failure to file such documents would not have a Material Adverse Effect. To the knowledge of the Corporation, no examination of any tax return of the Corporation or the Material Subsidiary is currently in progress and there are no issues or disputes outstanding with any Governmental Authority respecting any taxes that have been paid, or may be payable, by the Corporation or the Material Subsidiary;

(jj) to the knowledge of the Corporation, there is no agreement in force or effect which in any manner affects or will affect the voting or control of any of the securities of the Corporation;

(kk) where the information or statements in any Materials are forward looking or otherwise relate to projections, forecasts or estimates of future performance or results, operating, financial or otherwise (the "**Forward-looking Statements**"), such Forward-looking Statements are subject to reasonable qualifications and provisions which were honestly held and believed to be reasonable at the time they were made; provided, however, it shall not constitute a breach of this paragraph solely if the actual results vary or differ from those contained in Forward-looking Statements;

(ll) except as disclosed in the Public Record, none of the directors, officers or employees of the Corporation or the Material Subsidiary, any person who owns, directly or indirectly, more than 10% of any class of securities of the Corporation or securities of any person exchangeable for more than 10% of any class of securities of the Corporation, or any associate or affiliate of any of the foregoing, had or has any material interest, direct or indirect, in any transaction or any proposed transaction (including any loan made to or by any such person) with the Corporation which, as the case may be, materially affects, is material to or will materially affect the Corporation and the Material Subsidiary (taken as a whole);

(mm) there are no actions, suits, judgments, investigations, inquires or proceedings of any kind whatsoever outstanding (whether or not purportedly on behalf of the Corporation), pending or, to the knowledge of the Corporation, threatened against or contemplated with respect to the Corporation or with respect to its properties or assets or the directors or officers of the Corporation, at law or in equity, or before or by any Governmental Authority and, to the knowledge of the Corporation, there is no basis therefor and the Corporation is not subject to any judgment, order, writ, injunction, decree, award, rule, policy or regulation of any Governmental Authority which, either separately or in the aggregate, may have a Material Adverse Effect or would adversely affect the ability of the Corporation to perform its obligations under this Agreement or the Subscription Agreements;

(nn) (i) neither the Corporation nor the Material Subsidiary is in violation of any federal, provincial, state, local, municipal or foreign statute, law, rule, regulation, ordinance, code, policy or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to pollution or protection of human health, the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "**Hazardous Materials**") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "**Environmental Laws**"), (ii) the Corporation and the Material Subsidiary have all permits, authorizations and approvals required under any applicable Environmental Laws and are in compliance with their requirements, and (iii) there are no pending or, to the knowledge of the Corporation, threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against the Corporation or the Material Subsidiary;

(oo) the Corporation and the Material Subsidiary have conducted and are conducting their business in compliance, in all material respects, with all applicable laws, rules and regulations and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirements of any Governmental Authority applicable to them in each jurisdiction in which they carry on business and hold all licenses, registrations, permits, authorities and qualifications in all jurisdictions in which they carry on business which are necessary to carry on their business as now conducted, except where the failure to so conduct their business or to hold any such license, registration, permit, authority or qualification will not have a Material Adverse Effect, and all such licenses, registrations, permits, authorities and qualifications are valid and existing and in good standing and none of such licenses, registrations, permits, authorities or qualifications contains any burdensome term, provision, condition or limitation that is not typical of the terms, provisions, conditions or limitations imposed upon persons engaged in the same business as that of the Corporation or the Material Subsidiary in the applicable jurisdiction and which has or is likely to have a Material Adverse Effect on the business of the Corporation or the Material Subsidiary as now conducted or as presently proposed to be conducted and there is no proceeding, inquiry or action by any Governmental Authority, actual, potential or, to the knowledge of the Corporation, threatened, against the Corporation or the Material Subsidiary relating to the revocation or modification of any such licenses, registrations, permits, authorities or qualifications which, if the subject an unfavourable decision, ruling or finding, would have a Material Adverse Effect;

(pp) there are no orders, rulings or directives issued, pending or, to the knowledge of the Corporation, threatened against the Corporation or the Material Subsidiary under or pursuant to any Environmental Laws requiring any work, repairs, construction or capital expenditures with respect to the property or assets of the Corporation, the Material Subsidiary or any other Person;

(qq) neither the Corporation nor the Material Subsidiary is subject to any contingent or other liability relating to the restoration or rehabilitation of land, water or any other part of the environment or non-compliance with Environmental Laws;

(rr) all of the leases, subleases and agreements in real property material to the business of the Corporation or the Material Subsidiary and under which the Corporation or the Material Subsidiary has an interest are in full force and effect, and neither the Corporation nor the Material Subsidiary has received notice of any claim of any sort that has been asserted by anyone adverse to the rights of the Corporation or the Material Subsidiary under any such lease, sublease or agreement, or affecting or questioning the rights of the Corporation or the Material Subsidiary to the continued possession of the property under any such lease, sublease, or agreement;

(ss) no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Corporation has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of the Corporation, are pending, contemplated or threatened by any regulatory authority;

(tt) the authorized capital of the Corporation consists of an unlimited number of Common Shares, of which, as at the date hereof, 87,507,805 Common Shares are issued and outstanding as fully paid and non-assessable shares in the capital of the Corporation;

(uu) the assets of the Corporation and the Material Subsidiary and their respective businesses and operations are insured against loss or damage with responsible insurers on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses, and such coverage is in full force and effect, and the Corporation and the Material Subsidiary have not failed to promptly give any notice of any material claim thereunder;

(vv) the Corporation and the Material Subsidiary are in compliance with all laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages;

(ww) neither the Corporation, nor the Material Subsidiary, nor, to the knowledge of the Corporation, any employee or agent of the Corporation or the Material Subsidiary, has made any unlawful contribution or other payment to any official of, or candidate for, any federal, state, provincial or foreign office, or failed to disclose fully any contribution, in violation of any law, or made any payment to any foreign, Canadian, governmental officer or official, or other person charged with similar public or quasi-public duties, other than payments required or permitted by applicable laws; and

(xx) all information which has been prepared by the Corporation relating to the Corporation, the Material Subsidiary and their respective business, property and liabilities and made available to the Agent, including all financial and operational information provided to the Agent was, as of the date of such information and is as of the date hereof, true and correct in all material respects, taken as a whole, and no fact or facts have been omitted therefrom which would make such information materially misleading.

**5. Representations, Warranties and Covenants of the Agent.** The Agent hereby represents, warrants and covenants to the Corporation and acknowledges that the Corporation is relying upon such representations and warranties, that:

(a) in respect of the offer and sale of the Units, the Agent and its respective agents and representatives have complied with and will comply with all Securities Laws and all applicable laws of the jurisdictions outside Canada in which they offer Units and shall deliver to the Corporation at the Closing Time executed copies of Subscription Agreements and any other document required to be filed by the Corporation at such time under the laws of each of the Qualifying Provinces in compliance with the Securities Laws and other applicable securities laws;

(b) the Agent and its respective agents and representatives have not engaged in or authorized, and will not engage in or authorize, any form of general solicitation or general advertising in connection with or in respect of the Units in any newspaper, magazine, printed media of general and regular paid circulation or any similar medium, or broadcast over radio or television or by means of the Internet or otherwise or conducted any seminar or meeting concerning the offer or sale of the Units whose attendees have been invited by any general solicitation or general advertising;



(c) the Agent shall not solicit subscriptions for, or make representations or warranties with respect to, the Units except in accordance with the terms and conditions of this Agreement and the Subscription Agreements;

(d) the Agent will obtain from each Purchaser, a duly completed and executed Subscription Agreement;

(e) the Agent shall provide the Corporation with all necessary information in respect of the Agent (and will use its commercially reasonable efforts to provide the Corporation with all necessary information in respect of the Purchasers and any selling group members) to allow the Corporation to file reports of the sale of the Units in accordance with applicable Securities Laws within the required time period under applicable Securities Laws; and

(f) the Agent shall act as custodian of funds received from the Purchasers pending the Closing of the Offering. Such funds shall be released at the Closing in accordance with Section 6 hereof, provided that if a subscription is rejected prior to the Closing Date, then the Agent shall promptly return funds received from such Purchaser(s) in connection with the Offering to the Purchaser(s) without interest or deduction

6. **Closing Deliveries.** The purchase and sale of the Units shall be completed at the Closing Time at the offices of Cassels Brock & Blackwell LLP, or at such other place as the Agent and the Corporation may agree. At or before the Closing Time, the Corporation shall duly and validly deliver to the Agent certificates in definitive form or direct registration statements representing the Unit Shares and Warrant registered as directed by the Agent in writing, against payment at the direction of the Corporation, in lawful money of Canada by wire transfer, of an amount equal to the aggregate Purchase Price for the Units being issued and sold hereunder less all of the estimated out-of-pocket expenses of the Agent payable by the Corporation to the Agent in accordance with Section 12.

7. **Closing Conditions.** Each Purchaser's obligation to purchase the Units at the Closing Time shall be conditional upon the fulfilment at or before the Closing Time of the following conditions:

(a) the Agent shall have received a certificate, dated as of the Closing Date, signed by the Chief Executive Officer and Chief Financial Officer of the Corporation (or such other officers of the Corporation acceptable to the Agent, acting reasonably), certifying for and on behalf of the Corporation (without personal liability), to the best of the knowledge, information and belief of the persons so signing, that:

(i) no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Corporation or prohibiting the issue of Units or any other securities of the Corporation has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to the knowledge of such officer, contemplated or threatened by any regulatory authority;

(ii) the Corporation has duly complied with all the terms, covenants and conditions of this Agreement on its part to be complied with at or prior to the Closing Time; and

(iii) the representations and warranties of the Corporation contained in this Agreement are true and correct as of the Closing Time with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated by this Agreement;

(b) the Agent shall have received at the Closing Time a certificate dated the Closing Date, signed by an appropriate officer or officers of the Corporation addressed to the Agent, with respect to the articles and by-laws of the Corporation, all resolutions of the Corporation's board of directors relating to the Transaction Documents and the transactions contemplated hereunder and thereunder, the incumbency and specimen signatures of signing officers and such other matters as the Agent may reasonably request;

(c) the Agent shall have received certificates of status (or the equivalent) with respect to each of the Corporation and the Material Subsidiary dated the Closing Date or such other date as the Corporation and the Agent may agree;

(d) the Agreement and the Transaction Documents shall have been executed and delivered by the Corporation in form and substance satisfactory to the Agent, acting reasonably;

(e) the Agent shall be satisfied with the results of its due diligence investigations of the Corporation, acting reasonably;

(f) the Agent shall have received a certificate from the Corporation's transfer agent which certifies the number of Common Shares issued and outstanding on the date prior to the Closing Date;

(g) all consents, approval, permits, authorizations or filings as may be required under applicable Securities Laws necessary for the Offering and the transactions contemplated by this Agreement, shall have been obtained or made, as applicable;

(h) the representations and warranties of the Corporation contained herein being true and correct as of the Closing Time with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated hereby;

(i) the Corporation having complied with all covenants contained herein and satisfied all terms and conditions contained herein to be complied with and satisfied by it at or prior to the Closing Time;

(j) the Agent shall have received evidence satisfactory to them that the Corporation is a reporting issuer (or the equivalent) under the applicable securities laws of British Columbia, Alberta, Manitoba and Ontario, and is not included on a list of defaulting reporting issuers maintained by any Securities Commission;

(k) the Agent shall have received favourable legal opinions addressed to the Agent, its counsel and the Purchasers, in form and substance satisfactory to the Agent, acting reasonably, dated as of the Closing Date, from Cassels Brock & Blackwell LLP, counsel to the Corporation, and where appropriate, counsel in Qualifying Provinces, which counsel may rely, as to matters of fact, on certificates of public officials and officers of the Corporation, as appropriate;

(l) the Agent shall not have exercised any rights of termination set forth in Section 8;

(m) the Agent shall have received the lock-up agreements described in Section 2(m) from each of the directors, senior officers and insiders of the Corporation; and

(n) such other certificates and documents as the Agent may request, acting reasonably.

## 8. **Termination Events.**

The Agent shall be entitled to terminate its obligations hereunder by written notice to that effect given to the Corporation at or prior to the Closing Time if:

(a) there is in the sole opinion of the Agent (acting reasonably) a material change or a change in any material fact or a new material fact shall arise which would be expected to have an adverse change or effect on the business, operations, affairs, or financial condition of the Corporation or the Material Subsidiary, taken as a whole, or on the market price, value or marketability of the securities of the Corporation;

(b) the state of the financial markets, whether national or international, is such that in the sole opinion of the Agent (acting reasonably) it would be impractical to offer or continue to offer the Units for sale or if the Agent otherwise determines that the Units cannot be profitably marketed;

(c) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence (including, without limitation, any natural catastrophe, any outbreak or escalation of war, hostilities or terrorism, any declared pandemic of a serious contagious disease, or national emergency or similar event) or any new law or regulation is enacted (including a change in any existing law or regulation), inquiry or other occurrence of any nature whatsoever (including the COVID-19 outbreak, to the extent that there is any material adverse development related thereto, or similar event or the escalation thereof) or any other event, action or occurrence of any nature whatsoever which, in the reasonable opinion of the Agent, materially and adversely affects or may materially and adversely affect the financial markets in Canada or the United States generally or the consolidated business, operations, affairs or capital of the Corporation and the Material Subsidiary;

(d) any order to cease trading the securities of the Corporation is made or threatened by a securities regulatory authority;

(e) the Corporation fails to satisfy or comply with any of the conditions of Closing contained in Section 7; or

(f) the Corporation is in breach of a material term, condition or covenant of this Agreement, or any representation or warranty given by the Corporation in this Agreement becomes or is materially false.

9. **Exercise of Termination Right.** If this Agreement is terminated by the Agent pursuant to Section 8, there shall be no further liability on the part of the Agent or of the Corporation to the Agent, except in respect of any liability that may have arisen or may thereafter arise under Sections 11 and 12. The right of the Agent to terminate its obligations under this Agreement is in addition to such other remedies as it may have in respect of any default, act or failure to act of the Corporation in respect of any of the matters contemplated by this Agreement.

10. **Survival of Representations and Warranties.** All terms, warranties, representations, covenants, indemnities and agreements herein contained or contained in any documents delivered pursuant to this Agreement and in connection with the transactions herein contemplated shall survive the purchase and sale of the Units and continue in full force and effect for the benefit of the Agent, the Purchasers and the Corporation, as the case may be, regardless of the Closing of the Offering for a period ending on the date that is two years following the Closing Date (the "**Survival Period Deadline**"). For greater certainty, and without limiting the generality of the foregoing, the provisions contained in this Agreement in any way

relating to the indemnification of the Agent by the Corporation, or the contribution obligations of the Agent or those of the Corporation, shall survive and continue in full force and effect until the Survival Period Deadline. In this regard, the Agent shall act as trustee for the Purchasers and accept these trusts and shall hold and enforce such rights on behalf of the Purchasers.

11. **Indemnity.** The Corporation (the "**Indemnitor**"), hereby agrees to indemnify and hold harmless the Agent and each of its respective directors, officers, employees, shareholders, affiliates and agents (collectively, the "**Indemnified Parties**" and each, on "**Indemnified Party**") from and against any and all expenses, losses (other than loss of profits), claims, actions, damages or liabilities, whether joint or several (including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings or claims), and the reasonable fees and expenses of their counsel that may be incurred in advising with respect to and/or defending any claim that may be made against an Indemnified Party, to which an Indemnified Party may become subject or otherwise involved in any capacity under any statute or common law or otherwise insofar as such expenses, losses, claims, damages, liabilities or actions arise out of or are based, directly or indirectly, upon the performance of professional services rendered to the Indemnitor by the Agent or any other Indemnified Party hereunder or otherwise in connection with the matters referred to in this Agreement (including, without limitation, the transfer or resale of any of the Unit Shares, Warrants or Warrant Shares to insiders of the Corporation prior to the expiration of any applicable hold periods); provided, however, that the Indemnitor's liability under this indemnity shall at no time exceed the aggregate Purchase Price for the Units being issued and sold hereunder, and shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that:

(a) the Agent or any other Indemnified Party have been negligent or dishonest or have committed any fraudulent act in the course of such performance, or have breached applicable laws; and

(b) the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed, were directly caused by the negligence, dishonesty, fraud or breach referred to in (i) above.

If for any reason (other than the occurrence of any of the events itemized in (i) and (ii) above), the foregoing indemnification is unavailable to an Indemnified Party or insufficient to hold it harmless, then the Indemnitor shall contribute to the amount paid or payable by the Indemnified Party as a result of such expense, loss, claim, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnitor on the one hand and the Indemnified Party on the other hand but also the relative fault of the Indemnitor and the Indemnified Party, as well as any relevant equitable considerations; provided that the Indemnitor shall, in any event, contribute to the amount paid or payable by the Indemnified Party as a result of such expense, loss, claim, damage or liability, any excess of such amount over the amount of the fees actually received by the Agent hereunder pursuant to this Agreement.

Promptly after receipt of notice of the commencement of any legal proceeding against an Indemnified Party or after receipt of notice of the commencement of any investigation, which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, the Indemnified Party will notify the Indemnitor in writing of the commencement thereof and, throughout the course thereof, will provide copies of all relevant documentation to the Indemnitor, will keep the Indemnitor advised of the progress thereof and will discuss with the Indemnitor all significant actions proposed. The omission to so notify the Indemnitor shall not relieve the Indemnitor of any liability which the Indemnitor may have to the Indemnified Party except only to the extent that any such delay in giving or failure to give notice as herein required materially prejudices the defence of such action, suit, proceeding, claim or investigation or results in any material increase in the liability which the Indemnitor would otherwise have under this indemnity had the Indemnified Party not so delayed in giving or failed to give the notice required hereunder.

The Indemnitor shall be entitled, at its own expense, to participate in and, to the extent it may wish to do so, assume the defence thereof, provided such defence is conducted by experienced and competent counsel. Upon the Indemnitor notifying the Indemnified Party in writing of its election to assume the defence and retaining counsel, the Indemnitor shall not be liable to the Indemnified Party for any legal expenses subsequently incurred by them in connection with such defence. If such defence is assumed by the Indemnitor, the Indemnitor throughout the course thereof will provide copies of all relevant documentation to the Indemnified Party and will keep the Indemnified Party advised of the progress thereof.

Notwithstanding the foregoing paragraph, the Indemnified Party shall have the right, at the Indemnitor's expense, to employ counsel of the Indemnified Party's choice, in respect of the defence of any action, suit, proceeding, claim or investigation if: (i) the employment of such counsel has been authorized by the Indemnitor; or (ii) the Indemnitor has not assumed the defence and employed counsel therefor within a reasonable time after receiving notice of such action, suit, proceeding, claim or investigation; or (iii) counsel retained by the Corporation or the Indemnified Party has advised the Indemnified Party that representation of both parties by the same counsel would be inappropriate for any reason, including without limitation because there may be legal defences available to the Indemnified Party which are different from or in addition to those available to the Indemnified Party or that there is a conflict of interest between the Indemnitor and the Indemnified Party or the subject matter of the action, suit, proceeding, claim or investigation may not fall within the indemnity set forth herein (in either of which events the Agent shall not have the right to assume or direct the defence on the Indemnified Party's behalf).

No admission of liability and no settlement of any action, suit, proceeding, claim or investigation shall be made without the consent of the Indemnified Party affected. No admission of liability shall be made and the Indemnitor shall not be liable for any settlement of any action, suit, proceeding, claim or investigation made without its consent.

The Indemnitor agrees that in case any legal proceeding shall be brought against the Indemnitor and/or the Indemnified Party by any governmental commission or regulatory authority or any stock exchange or other entity having regulatory authority, either domestic or foreign, shall investigate the Indemnitor and/or the Indemnified Party and any personnel of Indemnified Party shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with, or by reason of the performance of professional services rendered to the Indemnitor by the Indemnified Party, the Indemnified Party shall have the right to employ its own counsel in connection therewith, and the reasonable fees and expenses of such counsel as well as the reasonable costs (including an amount to reimburse the Indemnified Party for time spent by its personnel in connection therewith) and out-of-pocket expenses incurred by its personnel in connection therewith shall be paid by the Indemnitor as they occur.

The indemnity and contribution obligations of the Indemnitor shall be in addition to any liability which the Indemnitor may otherwise have, shall extend upon the same terms and conditions to the Indemnified Party and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnitor and any Indemnified Party. The foregoing provisions shall survive the completion of professional services rendered under this Agreement or any termination of this Agreement.

12. **Expenses.** Whether or not the Offering is completed, the Corporation shall pay all expenses and fees in connection with the Offering, including, without limitation, all expenses of or incidental to the creation, issue, sale or distribution of the Units; the fees and expenses of the Corporation's counsel; all costs incurred in connection with the preparation of documents or certificates relating to the Offering and

all reasonable expenses and fees incurred by the Agent and the reasonable fees of the Agent's counsel to a maximum of \$20,000, plus any disbursements and applicable taxes. The foregoing fees and expenses incurred by the Agent or on its behalf shall be payable by the Corporation immediately upon receiving an invoice therefor from the Agent. If the Offering is not completed, the costs and expenses of the Agent described in this Section 12 shall be payable by the Corporation upon receipt of an invoice therefor from the Agent.

13. **Agent's Commission.** In consideration of the services to be rendered by the Agent hereunder and all other matters in connection with the issue and sale of the Units under the Offering (including, for greater certainty, on any proceeds raised pursuant to the exercise of the Over-Allotment Option), the Corporation shall pay to the Agent a cash commission (the "**Commission**") equal to 8.0% of the gross proceeds realized by the Corporation in respect of the sale of the Units, provided no such Commission shall be realized on sales to certain Purchasers identified on a president's list to be provided to the Agent by the Corporation (the "**President's List**"). The obligation of the Corporation to pay the Commission shall arise at the Closing Time and the Commission shall be fully earned by the Agent at that time.

As additional compensation, the Agent will receive at the Closing Time, compensation options (the "**Compensation Options**") exercisable to acquire such number of Units (the "**Compensation Units**" and individually, a "**Compensation Unit**") as is equal to 8.0% of the number of Units issued pursuant to the Offering (including, for greater certainty, any Over-Allotment Units), excluding Units issued to President's List Purchasers. The Compensation Options shall be exercisable at any time following the Closing Time until 5:00 p.m. (Toronto time) on the date that is 24 months following the Closing Date at an exercise price of \$0.15 per Compensation Unit. The Unit Shares and Warrants issuable on exercise of the Compensation Options are referred to as "**Compensation Shares**" and "**Compensation Warrants**", respectively, and the Warrant Shares issuable on exercise of the Compensation Warrants are referred to herein as "**Compensation Warrant Shares**".

14. **Non-Brokered Offering.**

(a) In addition to the Commission, the Corporation hereby agrees to pay to the Agent the Advisory Fee Bonus (as hereinafter defined), in accordance with the provisions of this Section, in connection with the Corporation's previously completed non-brokered private placement offering of Units on substantially the same terms as the Offering for total gross proceeds to the Corporation of up to \$3,000,000 (the "**Non-Brokered Offering**").

(b) In the event that (i) the Offering has closed on or before December 29, 2020, and (ii) within 150 days of December 29, 2020, the Corporation receives net proceeds of a minimum of \$1,000,000 from the exercise of Warrants issued under the Offering and/or the Non-Brokered Offering, or from new financing introduced by the Agent (which the Corporation shall be under no obligation to accept), or any combination thereof, then the Corporation shall pay to the Agent an additional advisory fee bonus of \$50,000, payable in cash or Common Shares (the "**Advisory Fee Bonus**"). The election of the payment method in respect of the Advisory Fee Bonus shall be at the sole discretion of the Corporation.

(c) The Corporation hereby further agrees to include the aggregate gross proceeds raised from the Offering and the Non-Brokered Offering in calculating the aggregate gross proceeds to the Corporation for the purpose of determining the Advisory Work Fee payable to the Agent pursuant to section 5(a)(ii) of the Financial Advisory Agreement.

15. **Right of First Refusal.**

(a) The Corporation and the Agent acknowledge that as a result of the Offering, the condition to the right of first refusal under section 8 of the Financial Advisory Agreement have been met and the right of first refusal thereunder (the "**Right of First Refusal**") is now in effect and shall terminate on December 23, 2021 (the "**Right of First Refusal Period**"). The Corporation and the Agent hereby agree to the additional terms of the Right of First Refusal as set out in this Section 15.

(b) The foregoing Right of First Refusal must be exercised by the Agent within five business days following written notification from the Corporation that the Corporation requires or proposes to obtain additional financing or financial advisory services, failing which the Agent shall relinquish its rights with respect to that particular engagement only and shall continue to have a Right of First Refusal in relation to any other such financial advisory services of the Corporation during the Right of First Refusal Period.

(c) In the event that the Agent exercises its Right of First Refusal, the Corporation and the Agent will negotiate and enter into a separate agreement or other appropriate documentation for such engagement containing such terms and conditions and providing for such compensation as are customary for similar engagements including, without limitation, appropriate indemnification provisions.

(d) If, prior to, or any time after, providing the Agent with written notice in accordance with Section 15(b), the Corporation has received an offer from a third party to serve as manager, placement agent or financial advisor in connection with a financing or financial advisory engagement, the Corporation shall disclose to the Agent in writing the terms upon which such third party has proposed to act in such capacity (but without disclosure of the identity of the third party), and the Agent shall be entitled to exercise its Right of First Refusal by notifying the Corporation, within five Business Days following such written notification from the Corporation, of its intention to match the terms proposed by such third party.

(e) The Corporation confirms that there are no other rights of first refusal or similar rights to provide debt or equity financing or financial advisory services to the Corporation currently outstanding.

16. **Confidentiality.**

(a) The Agent shall keep strictly confidential and will only use for the purpose of performing its obligations hereunder, all information whether written or orally obtained by it from the Corporation, its affiliates and their respective agents, advisors, directors, officers or employees in connection with this engagement (the "**Confidential Information**"). This confidentiality obligation shall not apply or extend to data or information now in the public domain, data or information which may subsequently become public other than through breach by the Agent of its obligations hereunder, data or information disclosed to the Agent by third parties in respect of which (to the Agent's knowledge) such third parties are not under an obligation of confidentiality to the Corporation. The Agent shall ensure that each of its respective representatives, including employees and professional consultants, agents and the other syndicate members, if any, shall be made aware of and be bound by this provision prior to receiving any such Confidential Information, shall be disclosed to the Corporation prior to being provided the Confidential Information by the Agent, and if required by the Corporation, acting reasonably, shall enter into confidentiality agreements confirming their obligations hereunder.

(b) The Agent agrees that it, and its employees and service providers, will not reproduce the Confidential Information (except as reasonably required to perform the services contemplated by this

Agreement), directly or indirectly disclose the Confidential Information, or make commercial use of the Confidential Information. If the Agent or any of its representatives are requested pursuant to or required by law, regulation, legal process or regulatory authority to disclose Confidential Information, the Agent must first advise the Corporation of the requested or required disclosure as soon as reasonably practical in order to permit the Corporation to seek a protective order from a court of competent jurisdiction or waive compliance with the provisions of this Section. In the absence of a protective order or such a waiver in such circumstances, the Agent will only disclose that portion of the Confidential Information that the Agent is legally required to disclose, and for all other purposes the Confidential Information so disclosed shall remain Confidential Information and subject to the terms of this Agreement.

17. **Standstill.** If the Offering closes and the Corporation receives gross proceeds of at least \$1,000,000, the Corporation agrees not to offer, nor to announce the offering of, nor to make any agreement to issue any equity securities or securities convertible or exercisable into equity securities of the Corporation for a period commencing the date hereof and ending 90 days from Closing Date without the prior written consent of the Agent, such consent not to be unreasonably withheld or delayed, provided that the foregoing shall not apply to: (i) any issuance in connection with the Offering; (ii) any issuances relating to equity compensation grants to directors, officers, employees and consultants of the Corporation and securities issued upon their exercise pursuant to any equity compensation plan of the Corporation; (iii) issuances upon the exercise of convertible securities, warrants, options or other commitments outstanding at the date hereof; (iv) issuances relating to acquisitions of another person or of assets or technology payable in Common Shares or securities convertible into or exchangeable for Common Shares, or other strategic, consulting, licensing, joint venture or similar transactions; (v) issuances in connection with any strategic partnership; (vi) issuances in connection with the grant of convertible securities, options or warrants to advisors or consultants of the Corporation; (vii) any issuances pursuant to an internal reorganization; or (viii) issuances of securities pursuant to transactions that have been publicly disclosed prior to the date hereof.

18. **Notices.** Unless otherwise expressly provided in this Agreement, any notice or other communication to be given under this Agreement (a "**notice**") shall be in writing addressed as follows:

if to the Corporation:

KABN Systems NA Holdings Corp.  
1-7357 Woodbine Avenue, Suite 605  
Markham, Ontario L3R 6L3

Attention: David Lucatch, Chief Executive Officer and President  
Email: [Redacted]

with a copy to:

Cassels Brock & Blackwell LLP  
40 King St. W., Suite 2100  
Toronto, ON M5H 3C2

Attention: Greg Hogan  
Email: [Redacted]

if to the Agent:

Mackie Research Capital Corporation



199 Bay Street, Suite 4500  
Commerce Court West, Box 368  
Toronto, Ontario M5L 1G2

Attention: Howard Katz  
Email: [Redacted]

with a copy to:

Owens Wright LLP  
Suite 300, 20 Holly Street  
Toronto, Ontario M4S 3B1

Attention: Paul De Luca  
Email: [Redacted]

or to such other address as any of the parties may designate by notice given to the others.

Each notice shall be personally delivered to the addressee or sent by electronic transmission to the addressee and: (i) a notice which is personally delivered shall, if delivered on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is delivered; and (ii) a notice which is sent by electronic transmission shall be deemed to be given and received on the first Business Day following the day on which it is sent.

19. **Time of the Essence.** Time shall, in all respects, be of the essence hereof.
20. **Canadian Dollars.** All references herein to dollar amounts are to lawful money of Canada.
21. **Headings.** The headings contained herein are for convenience only and shall not affect the meaning or interpretation hereof.
22. **Singular and Plural, etc.** Where the context so requires, words importing the singular number include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders.
23. **Entire Agreement.** This Agreement constitutes the only agreement between the parties with respect to the Offering and shall supersede any and all prior negotiations and understandings in connection with the Offering including for greater certainty the engagement letter between the Corporation and the Agent dated December 4, 2020, as amended by letter dated December 16, 2020 (the "**Engagement Letter**"). The agreement between the parties with respect to the Right of First Refusal is contained herein and in the Financial Advisory Agreement. This Agreement may be amended or modified only by written instrument signed by each of the parties.
24. **Severability.** The invalidity or unenforceability of any particular provision of this Agreement shall not affect or limit the validity or enforceability of the remaining provisions of this Agreement.
25. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

26. **Successors and Assigns.** The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Corporation, the Agent and the Purchasers and their respective executors, heirs, successors and permitted assigns; provided that, except as provided herein or in the Subscription Agreements, this Agreement (including, for greater certainty, the indemnity provided for in Section 11) shall not be assignable by any party without the written consent of the others.

27. **Further Assurances.** Each of the parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Agreement.

28. **Effective Date.** This Agreement is intended to and shall take effect as of the date first set forth above, notwithstanding its actual date of execution or delivery.

29. **Language.** The parties hereby acknowledge that they have expressly required this Agreement and all notices, statements of account and other documents required or permitted to be given or entered into pursuant hereto to be drawn up in the English language only. Les parties reconnaissent avoir expressment demandées que la présente convention ainsi que tout avis, tout état de compte et tout autre document a être ou pouvant être donné ou conclu en vertu des dispositions des présentes, soient rédigés en langue anglaise seulement.

30. **Counterparts.** This Agreement may be executed by any one or more of the parties to this Agreement by electronic transmission and in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

If the Corporation agrees with the foregoing terms and conditions, please so indicate by executing a copy of this Agreement where indicated below and delivering the same to the Agent.

Yours very truly,

**MACKIE RESEARCH CAPITAL CORPORATION**

Per: (Signed) Howard Katz  
Authorized Signing Officer

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The foregoing is hereby accepted on the terms and conditions therein set forth.

**DATED** the 23<sup>rd</sup> day of December, 2020.

**KABN SYSTEMS NA HOLDINGS CORP.**

Per: (Signed) David Lucatch  
Authorized Signing Officer