

FACTORING AGREEMENT

THIS FACTORING AGREEMENT is made as of the 28th day of August, 2023

BETWEEN:

NURAN WIRELESS INC. a corporation incorporated under the laws of the Province of British Columbia with a business address at 2150 Cyrille-Duquet Street, Quebec City, QC G1N 2G3

(hereinafter referred to as the “**Seller**”)

and

ADVANCE FACTORING INC. a corporation incorporated under the laws of Ontario with a business address at [Redacted]

(hereinafter referred to as the “**Factor**”)

RECITALS:

WHEREAS the Seller desires to obtain financing from the Factor by selling and assigning to the Factor the Seller's accounts receivable, selected and approved by the Factor, under the following terms and conditions; and

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants contained herein and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each party), the parties hereby agree as follows.

1 DEFINITIONS

1.1 Capitalized terms, whenever used in this Agreement or in any Schedule referred to herein or attached hereto and not otherwise defined herein or therein, shall have the following meanings:

“**Accessions**” means goods that are installed in or affixed to other goods;

“**Account**” means any right to payment for Goods sold or leased and delivered, or for service(s) rendered;

“**Account Debtor**” means a person who is obligated to an Account, including but not limited to any one or more of NuRAN Africa Wireless Inc., NuRan Wireless Cameroon Ltd (“**Cameroon**”) or NuRAN Wireless DRC SARLU (“**DRC**”), as the case may be;

“**Account Debtor Dispute**” means a claim by Account Debtor against Seller of any kind whatsoever that reduces the amount collectible from Account Debtor by the Factor;

“**Account Stated**” has the meaning ascribed thereto in Section 11.9 of the Agreement;

“**Agreement**”, “this Agreement”, “herein”, “hereof”, “hereunder”, or other like words means the Agreement together with the schedules and addenda attached thereto and any other agreement supplementary or ancillary thereto;

“**Approved Account**” means an Account reviewed and approved by the Factor for purchase from Seller;

“**Business Day**” means a day other than a Saturday, Sunday or any other day on which banks are authorized or obligated to close under the laws of Canada or the laws of the Province of British Columbia;

“**Cameroon**” means NuRan Wireless Cameroon Ltd;

“**Chattel Paper**” means one or more than one writing that evidences both a monetary obligation and a security interest in or a lease of specific Goods;

“**Collateral**” means all the present and after acquired personal property of the Seller including all Chattel Paper, Documents of Title (whether or not negotiable), Goods, Instruments, Intangibles, Money and Securities now owned or hereafter owned or acquired by or on behalf of the Seller (including such as may be returned to or repossessed by the Seller) or in respect of which the Seller now has or subsequently acquires an interest or of which the Seller may hereafter become possessed or to which the Seller may hereafter become entitle and in all Proceeds and renewals thereof, accretions thereto and substitutions thereof and in all real property of the Seller including, without limitation, the following:

- (i) All inventory of whatever kind and wherever situated now owned or hereafter acquired or reacquired by the Seller including, without limitation, all Goods, merchandise, raw materials, Goods in process and finished Goods held for sale, lease or resale or furnished or to be furnished under contracts for service or used or consumed in the Seller's business (collectively, the “**Inventory**”)
- (ii) All equipment of whatever kind and wherever situated now owned or hereafter acquired by the Seller including, without limitation, all tools, machinery, apparatus, furniture, plant, fixtures and vehicles of whatsoever kind and all purchase warranties, manufacturer's claims, drawings, specifications, plans and manuals relating thereto (collectively, the “**Equipment**”)
- (iii) All Accounts, debts, dues, claims, choses in action and demands of every kind howsoever arising or secured and whether or not earned by performance, including letters of credit and advices of credit, that are now due, owing or accruing or growing due to or owned by or that may hereafter become due, owing or accruing or growing due to or owned by the Seller, and also all Securities, security interest, guarantees, mortgages, bills, notes, instruments, writings and other documents that are now held or owned or that may hereafter be taken, held or owned by or on behalf of the Seller in respect of such Accounts, debts, dues, claims, closes in action and demands or any part thereof (collectively, the “**Rights to Payment**”);
- (iv) All deeds, documents, writings, papers, books of account, other books, electronic and magnetic records and other records evidencing, recording or appertaining to the Rights to Payment, Chattel Paper or Documents of Title;
- (v) All contractual and other rights, claims or interests under policies of insurance, causes of action, franchises, licenses, goodwill, inventions, patents, patent rights, designer rights, trademarks, trade names, copyrights, processes, formulae, industrial designs, trade secrets, know-how and other industrial and intellectual property rights, whether registered or unregistered and whether under license or otherwise, and;

- (vi) All property described in any schedule or Schedule now or hereafter annexed hereto;
- “**Common Shares**” means common shares in the capital of the Seller;
- “**Conversion Amount**” has the meaning ascribed there in Section 10.1.
- “**Conversion Price**” means \$0.35 per Unit, subject to adjustment as provided in Section 10 below;
- “**Corresponding Rights**” has the meaning ascribed thereto in Section 3.2 of the Agreement;
- “**Credit Problem**” means, in the sole and absolute opinion of the Factor, Account Debtor is unable to pay its debts because of its bankruptcy, insolvency or bona fide inability to pay and, for greater clarity, does not include a situation in which an Account Debtor is able but unwilling to pay;
- “**Deemed Exchange Rate**” has the meaning ascribed thereto on Schedule 1;
- “**Documents of Title**” means any writing that purports to be issued by or addressed to a bailee and purports to cover such Goods in the bailee’s possession as are identified or fungible portions of an identified mass, and that in the ordinary course of business is treated as establishing that the Person in possession of it is entitled to receive, hold and dispose of the document and the Goods it covers;
- “**DRC**” means NuRAN Wireless DRC SARLU;
- “**Equipment**” has the meaning ascribed thereto in the definition of “Collateral”;
- “**Exercise Date**” has the meaning ascribed thereto in Section 10.6 of the Agreement;
- “**Event of Default**” has the meaning ascribed thereto in Section 13.1 in the Agreement;
- “**Factor Conversion Notice**” has the meaning ascribed thereto in Section 10.6 of the Agreement;
- “**Goods**” means tangible personal property other than Chattel Paper, Documents of Title, Instruments, Money and Securities, and includes fixtures, growing crops, the unborn young of animals, timber to be cut, and minerals and hydrocarbons to be extracted and, for the purposes of the Agreement, shall include all parts, accessories, attachments, special tools, additions and Accessions thereto;
- “**Gross Face Value**” has the meaning ascribed thereto in Section 4.1 the Agreement;
- “**Indebtedness**” means any and all obligations, indebtedness and liability of the Seller to the Factor (including interest thereon), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred, whether otherwise secured or not and whether incurred by or arising from agreement or dealings between the Seller and an Account Debtor or from any agreement or dealings with any third party by which the Seller may be or become in any manner whatsoever a creditor of an Account Debtor and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Seller is bound alone or with another or others and whether as principal or surety and including, without limiting the foregoing, all principal, interest, charges, costs, expenses and fees (including legal fees on a solicitor-Seller basis) owing by Seller under the Agreement.
- “**Initial Approved Accounts**” has the meaning ascribed thereto in Section 4.5 of the Agreement;
- “**Initial Price Threshold Period**” has the meaning ascribed thereto in Section **Error! Reference source not found.** of the Agreement;
- “**Initial Purchase Amount**” has the meaning ascribed thereto in Section 4.5 of the Agreement;
- “**Instruments**” means:
- (i) A bill, note or cheque within the meaning of the Bills of Exchange Act (Canada) or any other writing that evidences a right to the payment of money and is of a type

that in the ordinary course of business is transferred by delivery with any necessary endorsement or assignment;

- (ii) A letter of credit and an advice of credit;
- (iii) Any liens, security interests, encumbrances or other charges ranking subordinate to the security interests of the Factor;
- (iv) Any lien, other than a construction lien, payment of which has been provided for by deposit with a bank of an amount in cash, or the obtaining of a surety bond or letter of credit satisfactory to the Factor, sufficient in either case to pay or discharge such lien or upon other terms satisfactory to the Factor;
- (v) Any security interest taken or reserved in collateral to secure payment of all or part of its price;
- (vi) A security interest taken by a person who gives value for the purpose of enabling the debtor to acquire rights in or to collateral to the extent that the value is applied to acquired the rights, but does not include a transaction of sale by and lease back to the seller; and
- (vii) Any other lien which the Factor approves in writing as a Permitted encumbrance.

“**Joint Actors**” has the meaning ascribed thereto in Section 10.8 of the Agreement;

“**Monitor**” has the meaning ascribed thereto in Section 13.2.13 of the Agreement;

“**PPSA**” means the *Personal Property Security Act* (British Columbia) and all regulations made pursuant thereto;

“**Permitted Encumbrances**” means the charges and registrations made against the Seller set out in the Personal Property Registry under the PPSA where the Seller is the Debtor, as of the date of this Agreement together with any security required by the European Investment Bank and the Finnish Fund for Industrial Cooperation Ltd.;

“**Periodic Overpayment**” has the meaning ascribed to in in Section 4.2 herein;

“**Proceeds**” means identifiable or traceable personal property in any form derived directly or indirectly from any dealing with collateral or the proceeds there from and shall, by way of example, include trade-ins, equipment, cash, bank accounts, notes, Chattel Paper, Goods, contract right, Account and any other personal property or obligation received when such collateral or the proceeds thereof is sold exchanged, collected or otherwise disposed of;

“**Purchase Price**” has the meaning ascribed thereto in Section 4.1 of the Agreement.

“**Purchase Limit**” has the meaning ascribed thereto in section 4.3 of the Agreement;

“**Receiver**” has the meaning ascribed thereto in Section 13.2.12 of the Agreement;

“**Recourse Account**” has the meaning ascribed thereto in Section 9.1 of the Agreement;

“**Recourse Event**” has the meaning ascribed thereto in Section 9.1 of the Agreement;

“**Recourse Notice**” has the meaning ascribed thereto in Section 9.2 of the Agreement;

“**Repurchase Price**” has the meaning ascribed thereto in Section 9.2 of the Agreement;

“**Second Price Threshold Period**” has the meaning ascribed thereto in Section **Error! Reference source not found.** of the Agreement;

“**Securities**” means documents that are:

- (i) Issued in bearer, order or registered form;

- (ii) Of a type commonly dealt in upon securities exchanges or markets or commonly recognized in any area in which it is issued or dealt in as a medium for investment
- (iii) One of a class or series or by its terms is divisible into a class or series of documents; and
- (iv) Evidence of a share, participation or other interest in property or in an enterprise or in evidence of an obligation of the issuer, and includes an un-certificated security within the meaning of Part VI (Investment Securities) of the Business Corporation Act (Ontario)

“**Security Documents**” means, collectively, any agreements, instruments and documents delivered from time to time (both before and after the date of the Agreement) to the Factor by Seller and/or any of its subsidiaries and/or affiliates, or by the principals or shareholders of the Seller and/or any of its subsidiaries or affiliates, for the purpose of establishing, perfecting, preserving or protecting the interest of the Factor in the Account and Corresponding Rights purchased by the Factor and in respect of all amounts outstanding under the Agreement and/or under any Schedule referred to therein or attached thereto or any other Indebtedness, including, without limitation, guarantees, general security agreements, general assignments of receivables and share pledge agreements.

“**Seller Conversion Option**” has the meaning ascribed there in Section 10.1 of the Agreement.

“**Seller Conversion Notice**” has the meaning ascribed there in Section 10.3 of the Agreement.

“**Share Certificate**” has the meaning ascribed thereto in Section 10.3 of the Agreement.

“**Units**” means units of the Seller, comprised of one Common Share and three quarters (3/4) of one Warrant.

“**Warrant**” means each whole warrant underlying the Units, each Warrant shall entitle the holder to acquire one additional Common Share for \$0.40 for a period of three years following the date hereof, in the form as set out hereto as Schedule 7.

“**Warrant Certificate**” has the meaning ascribed thereto in Section 10.3 of the Agreement.

2 OFFERS

- 2.1 Seller may from time to time, at its option, offer to sell, transfer and assign up to \$15,000,000 of Approved Accounts to the Factor.
- 2.2 The performance by the Factor of its obligations under this Agreement is, in addition to any other terms and conditions contained in this Agreement, subject to satisfaction of the following terms and conditions which are included herein for the sole benefit of the Factor and which may be waived in whole or in part by the Factor in its sole and unfettered, and absolute discretion. The Factor shall have received the following in form and substance satisfactory to it:
 - 2.2.1 Copies of the Charter documents of the Seller including the Certificate of Incorporation, Notice of Articles and Articles and resolution of the board of directors of Seller authorizing the transactions herein contemplated certified to be true and complete by an officer of Seller;
 - 2.2.2 A certificate of incumbency of Seller, together with specimen signatures of the banking signatories of Seller;
 - 2.2.3 Certificates of good standing issued by appropriate government officials of the jurisdiction of incorporation of Seller; and

- 2.2.4 Such other certificates and documentation as the Factor may request in a form satisfactory to the Factor or the Factor's legal counsel.
- 2.3 Each offer to sell Accounts shall be in writing and shall be accompanied by the documents required by Factor. The Factor reserves a right to waive this requirement from time to time.
- 2.4 Once an offer has been made, it shall be irrevocable by Seller until the Factor either accepts or declines to accept it in accordance with Section 3.1.

3 ACCEPTANCE AND ASSIGNMENT

- 3.1 In relation to any Account offered to the Factor by Seller, acceptance shall be constituted by the Factor's payment in whole or in part to the Seller.
- 3.2 Upon the Factor's acceptance of any Accounts offered to it by Seller, such Accounts are hereby transferred, assigned and sold to the Factor, together with all rights under or in relation to the contracts to which the Accounts relate, including all rights of an unpaid vendor and including all liens, hypothecs or other rights in any Goods, materials or products that are to be supplied, all Instruments, Documents of Title, Securities, deeds, documents, writings, papers, books of account, other books, electronic and magnetic records and other records evidencing, recording or appertaining to the Instruments, Documents of Title, guarantees and security taken or held by Seller to secure the performance of any or all of the obligations of the Account Debtor, and including all Proceeds thereof, and Seller's right to rescind, or terminate those contracts or to accept a return of the Goods or other materials supplied under the contracts (collectively, the "**Corresponding Rights**") and Seller shall execute such transfer, assignment and sale documents to confirm same in a form provided by the Factor. By the said assignment Seller shall have transferred to the Factor all right, title and interest in and to the Accounts and the Corresponding Rights purchased/approved by the Factor.

The parties hereto agree that each purchase and sale of Approved Accounts under this Agreement is intended to be an absolute and irrevocable transfer constituting a "true sale" for bankruptcy law purposes, without recourse by the Factor to the Seller for any credit risk or financial inability to pay of any Account Debtor obligated to pay an Approved Account, other than a Recourse Event. The parties hereto have structured the transactions contemplated by this Agreement as a sale, and each party hereto agrees to treat each such transaction as a "true sale" for all purposes under applicable law and accounting principles, including, without limitation, in their respective books, records, computer files, tax returns (federal, provincial and local), regulatory and governmental filings (and shall reflect such sale in their respective financial statements). The Seller will advise all persons inquiring about the ownership of the Accounts that all Approved Accounts have been sold to the Factor.

- 3.3 The Factor is not obligated to buy any Account from Seller and shall have no liability to Seller or any Account Debtor as a result of its failure or refusal to purchase an Account.
- 3.4 Seller hereby irrevocably appoints the Factor, or any person designated by the Factor, as its attorney to execute (including the power to execute under Seller's seal) and deliver in Seller's name all Instruments, Documents of Title, deeds or other documents that the Factor may consider necessary or advisable in order to convey, transfer and set up against third parties (perfect) the Factor's title in any Account purchased by it and/or in any Corresponding Rights and security in respect thereof, and may supply any endorsement to any cheque or other Instrument relating to an Account in order to obtain payment therefore, and the power of attorney granted hereby shall be deemed to be coupled with an interest.

- 3.5 If for any reason whatsoever, the transfer, assignment and sale referred to in Section 3.2 is not fully and properly effected, until such time as an effective formal assignment of each Account and all Corresponding Rights purchased by the Factor is made, Seller shall be deemed to hold every Account and the Corresponding Rights relating to such Account in trust for the Factor.

4 PRICING AND PAYMENT

- 4.1 The purchase price for each Account purchased by the Factor (the "**Purchase Price**") shall be equal to the outstanding amount remaining to be paid on the Invoice rendered in respect of that Account, net of taxes, penalties, duties, delivery charges or any other similar charges or amounts (the "**Gross Face Value**") less the discount set out in Schedule 1.
- 4.2 If the Factor receives any payment in respect of an Account which exceeds the amount owed to the Factor (a "**Periodic Overpayment**"), and provided such Account did not fall into arrears at any time, the Factor shall, subject to the rights of the Factor and the Account Debtor to such excess amounts, refund the Periodic Overpayment to Seller. All Periodic Overpayments and Matured Debt Overpayments shall be placed by the Factor may be applied by the Factor against charge back or any other Indebtedness and obligations of Seller to the Factor known or anticipated and no such amount held by the Factor shall be paid to Seller until any and all of such Indebtedness and obligations are fully paid and/or satisfied.
- 4.3 The cumulative outstanding amount of all Accounts purchased by the Factor from Seller and not yet paid for by its Account Debtors shall not exceed at any time the amount set by the Factor as a "**Purchase Limit**".
- 4.4 The Factor shall be entitled to deduct from the Purchase Price for the Accounts purchased by it any corresponding disbursement, including its standard wire transfer fee and courier service charges.
- 4.5 The Seller and Factor acknowledge and agree that concurrent with the execution of this Agreement (the "**Initial Closing Date**"), Approved Accounts in the aggregate amount of \$8,649,450.68 (the "**Initial Approved Accounts**") as set out in Schedule 3 hereto shall be sold to the Factor effective as of the date of this Agreement in consideration of the payment by the Factor of a Purchase Price in the aggregate amount of \$5,438,340.95 (the "**Initial Purchase Amount**") to the Seller consisting of the following:
- 4.5.1 a cash payment of \$4,638,340.95 payable to [Redacted] in trust, to be paid by the Factor and made pursuant to a direction to be provided by the Seller at closing to repay outstanding indebtedness of the Seller; and
- 4.5.2 a cash payment of \$800,000 payable to the Seller by wire, in tranches, on or before September 30, 2023.
- 4.6 The Seller and Factor acknowledge and agree that in consideration of the Factor's entry into this agreement and payment of the Initial Purchase Amount the Seller shall issue the following as an arrangement fee to the Factor:
- 4.6.1 2,500,000 common shares of the Seller on the Initial Closing Date; and
- 4.6.2 1,300,000 common shares of the Seller on January 2, 2024.

5 REPRESENTATIONS AND WARRANTIES OF SELLER

- 5.1 As an inducement of the Factor to enter into this Agreement, and with full knowledge that the truth and accuracy of the representations and warranties in this Agreement are being relied upon by the Factor in purchasing Accounts hereunder, Seller represents and warrants the following ongoing representations and warranties that are applicable to all transactions between the Factor and Seller:
- 5.2 Seller is a corporation validly existing in good standing under the laws of the jurisdiction of its incorporation with adequate corporate power to enter into and perform its obligation under this Agreement and applicable schedules and addenda;
- 5.3 This Agreement and applicable schedules and addenda executed by Seller have been duly authorized, executed and delivered by Seller and constitute valid, legal and binding agreements, enforceable in accordance with their terms;
- 5.4 To Seller's knowledge, no approval, consent or withholding of objection is required from any governmental authority with respect to the entering into and performance by Seller of this Agreement and any applicable schedules and addenda to be executed by Seller, or if any such approval is required, it has been obtained;
- 5.5 The entering into and performance of this Agreement and any applicable schedules and addenda does not violate any judgment, order, law or regulation applicable to Seller or any provision of Seller's Articles or shareholder agreements or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, hypothec or other encumbrance, except Permitted Encumbrances, upon any of Seller's assets or on the Accounts pursuant to any indenture, mortgage, hypothec, deed of trust, bank loan or credit agreement or other instrument to which Seller is a party or by which Seller or Seller's assets may be bound;
- 5.6 Seller is duly empowered to carry on business in the Provinces of British Columbia and Quebec and all other jurisdiction(s) where it carries on business. Seller's trade name(s) has been properly filed and published as required by applicable law. Seller has fulfilled all local, provincial or federal requirements of law in properly registering itself to do business at all addresses where its business is located;
- 5.7 No Event of Default (as set out in Section 13.1) has occurred;
- 5.8 Other than as disclosed to the Factor in writing, the Seller is not currently indebted to and has made timely payment and/or local deposits of all required taxes, including, without limitation, sales taxes, employee source deductions remittances to Canada Revenue Agency or to any other federal, provincial and/or local tax authority as they become due;
- 5.9 All financial records, statements, books or other documents provided to the Factor by Seller at any time, either before or after the signing of this Agreement, are true, complete and accurate and represent the true financial condition of Seller; and
- 5.10 With respect to the Account Debtors and Accounts:
 - 5.10.1 Seller is, at the time of purchase by the Factor, the sole legal and beneficial owner of, and has undisputed title to, the Accounts and all Corresponding Rights purchased by the Factor free and clear of all liens, hypothecs, charges, encumbrances and adverse claims;

- 5.10.2 each Account purchased by the Factor is an Approved Account;
- 5.10.3 to the best of Seller's information and knowledge, each Account Debtor is solvent within the meaning of the Bankruptcy and Insolvency Act (Canada);
- 5.10.4 Seller has not received any notice, either verbal or written, of Credit Problem concerning any of its Account Debtors which Credit Problem has not previously been disclosed in writing to the Factor;
- 5.10.5 each Account Debtor is indebted to Seller for the amounts specified by Seller and submitted to the Factor from time-to-time;
- 5.10.6 each Invoice, Purchase Order or other contract or instrument provided to the Factor as evidence of the agreement between Seller and its Account Debtor in respect of Account sets forth and constitutes materially the entire agreement between Seller and the Account Debtor with respect to subject matter thereof, there being no other material written or oral understandings or representations;
- 5.10.7 at the time of purchase by the Factor, there has been no prepayment of payment or other monies payable under any Account except as expressly disclosed in writing to the Factor;
- 5.10.8 all covenants, conditions and obligations of Seller and each Account Debtor under each Account offered to the Factor, including, without limitation, all conditions precedent to the obligation of the Account Debtor to make the payments, have been performed and fulfilled by Seller;
- 5.10.9 as of the date of each offer, the Account Debtor has performed and fulfilled all covenants, conditions and obligations in respect of each Account and the Account Debtor has agreed to continue to perform and fulfill such covenants, conditions and obligations and has further agreed that its obligation to make all payments in respect of Account shall be absolute and unconditional under all circumstances and shall not be affected by any right of set-off, counterclaim or defense the Account Debtor may have against Seller, the Factor or any other Person for any reason for whatsoever;
- 5.10.10 the Goods, if any, referenced in each Invoice, Purchase Order or other contract or instrument provided to the Factor as evidencing the agreement between Seller and its Account Debtor in respect of any Account have been duly delivered to Account Debtor at the location specified in such Invoice, Purchase Order or other contract or instrument and Account Debtor has duly inspected such Goods, found the same to be in good order, in full accordance with all of its specifications and requirements, and has accepted such Goods for all purposes of its agreement with Seller;
- 5.10.11 each Account offered for sale to the Factor is an accurate and undisputed statement of indebtedness by Account Debtor to Seller and a result of a bona fide and absolute sale of Goods or services to its Account Debtors (which Goods and/or services were delivered and accepted by its Account Debtor) or performance of Services by Seller to an Account Debtor, and such Goods or Services were not provided to its Accounts Debtor on consignment, or on an approval or hold basis, or by way of guaranteed contract or subject to any other contingency and is for a certain sum which is due and

payable in 30 days or less, or within such time as is agreed to, in writing by the Factor and Seller; and

- 5.10.12 Seller has not transferred, assigned, pledged or granted a charge on its Accounts or other personal property to any other party which Seller has not fully disclosed in writing to the Factor prior to the date of execution of this Agreement.

6 COVENANTS OF SELLER

- 6.1 In additional to any other covenants made by Seller in favor of the Factor hereunder, Seller hereby covenants with the Factor that so long as any Indebtedness remains outstanding:

- 6.1.1 it shall promptly notify the Factor of any seizure or any other legal process levied upon or against Seller and any information with respect to any Account Debtor which indicates a Credit Problem;
- 6.1.2 it shall immediately upon the sale of any Accounts to the Factor, make proper entries on its books and records disclosing the absolute sale of said Accounts to the Factor;
- 6.1.3 it shall continue to make timely payment and/or local deposits of required taxes, including employee income tax withholdings, to Canada Revenue Agency as well as to any other federal, provincial and/or local tax authority as they become due;
- 6.1.4 it shall promptly furnish, from time to time, upon request by the Factor, satisfactory proof of payment of any or all taxes required by law to be paid by Seller;
- 6.1.5 it shall maintain such insurance covering Seller's business and assets in amounts satisfactory to the Factor;
- 6.1.6 the Factor shall, upon 24 hours' notice, at any and all reasonable time during business hours have the irrevocable right to inspect, copy and use any and all records, whether in writing or electronically recorded, pertaining to the Accounts purchased by the Factor and as to any other matters relevant to the obligations and rights of the Factor hereunder and to make copies of all such records and enter into and upon the lands or premises where records pertaining to the Account may be located for the purpose of inspecting the same;
- 6.1.7 it shall, at its expense, protect and defend the Factor's title to all Accounts and Corresponding Rights purchased by the Factor against all Persons claiming against or through Seller and shall, at all times, keep Seller assets free and clear from any legal process, pledges, commercial pledges, privileges, legal hypothecs, floating hypothec, judgments, right of retention or any analogous process, statutory liens or trusts, liens or encumbrances whatsoever (except Permitted Encumbrances, including any placed thereon by the Factor or agreed to in writing by the Factor) and shall give the Factor immediate written notice thereof and shall indemnify and hold the Factor harmless from and against any loss caused thereby;
- 6.1.8 it shall provide written notice to the Factor within 10 days of Seller obtaining knowledge from any source, of the filing, recording or setting up of rights against third parties by any means, of non-consensual liens, hypothecs, claims or encumbrances against any property of Seller;

- 6.1.9 it shall notify the Factor in writing 30 days prior to any change in the location of Seller's place(s) of business or if Seller has or intends to acquire any additional place(s) of business, or prior to any change in the location of Seller's head office and/or the office or offices where Seller's books and record concerning Accounts and Corresponding Rights are kept; and
- 6.1.10 Seller shall setup and maintain accounting system and book of account in accordance with generally accepted accounting principles and practices and, at any time upon request by the Factor, furnish all such information concerning Seller's affairs and business as the Factor may reasonably require.
- 6.2 In addition to any other covenants made by Seller in favour of the Factor hereunder, Seller hereby covenants and agrees with the Factor that so long as any Indebtedness remains outstanding it shall not, without the prior written consent of the Factor or as previously approved by the Factor:
- 6.2.1 Under any circumstances or in any manner whatsoever, interfere with any of the Factor's rights under this Agreement;
- 6.2.2 For the term of this Agreement and for as long as any Indebtedness whatsoever remains owing by Seller to the Factor, factor or sell accounts to any Person other than the Factor;
- 6.2.3 Change or modify the terms of any Invoice, Purchase Order or any other agreement or contract which gives rise to an Account purchased by the Factor unless the Factor first consents to such change in writing;
- 6.2.4 Transfer, sell or assign or grant a charge on, to or in favour of any other party, the Accounts, Corresponding Rights or property for the term of this Agreement and for as long as it is indebted to the Factor hereunder; and
- 6.2.5 Sell, lease, transfer or otherwise dispose of all or substantially all of its property or assets, or consolidate, amalgamate, reorganize or merge into or with any corporation or entity.

7 SECURITY

- 7.1 For value received, Seller, hereby grants to the Factor, by a way of mortgage, charge, assignment and transfer, and a security interest in all the Seller's Collateral as defined in Section 1, including, without limitation, all of the items listed in Section 1 as Collateral.
- 7.2 As a further inducement for the Factor to enter into this Agreement, Seller shall execute and deliver to the Factor such Security Documents as the Factor may at any time or from time to time hereafter request., in each case within a reasonable time after the request therefore by the Factor.
- 7.3 Seller shall execute such forms, financing or renewal statements, affidavits or other documents for any registration of filing pursuant to any provincial, state or federal laws, orders or regulations necessary or desirable to protect it or its interest in any assets over which security has been granted by an Account Debtor to Seller, including, without limitation, registration under the PPSA in the Province of British Columbia, and under the Civil Code of Quebec at the Register of Personal and Movable Real Rights or under similar legislation in any other Province of Canada or jurisdiction necessary to set up against third parties (perfect) and preserve any security created under any agreement between Seller and an Account Debtor.

- 7.4 Seller hereby waives receipt of, and the right to receive, a copy of any registered statement or verification statement with respect to statements filed or registered by the Factor under any provincial, state or federal personal property security act and the Civil Code of Quebec. To the extent not prohibited by any law applicable to and governing this Agreement, Seller hereby waives the benefit of all provisions of any law, statute or regulation which would in any manner affect the Factor's right and remedies hereunder.

8 NOTIFICATION

- 8.1 Seller shall notify the Account Debtor of the sale/assignment to the Factor of any Account owing by such Account Debtor to Seller and shall obtain the acquiescence of the Account Debtor of said sale/assignment, as set out in Schedule 2.
- 8.2 Each offer to sell Accounts shall be accompanied by:
- 8.2.1 The original invoice, purchase order, confirmation, bill of lading, status certificate, time sheet, and any other document(s) the Factor may deem necessarily required;
 - 8.2.2 Any Document of Title, Instruments, security, guarantees or other relevant documentation being, comprising or evidencing Accounts and Corresponding Rights;
 - 8.2.3 Evidence of insurance in accordance with the provisions of this Agreement;
 - 8.2.4 Particulars of any credit arrangement granted to the Account Debtor, together with copies of credit agency, bank and trade reports; and
 - 8.2.5 Such other certificates and documentation as the Factor may request in a form satisfactory to the Factor.
- 8.3 The Factor may, in its absolute and sole discretion, waive its requirement for original documentation.

9 RECOURSE

- 9.1 The Factor shall have recourse against Seller to repurchase an Account (a "**Recourse Account**") is not paid by an Account Debtor for any reason whatsoever, including, without limitation, in the following instances (a "**Recourse Event**"):
- 9.1.1 Account remains unpaid;
 - 9.1.2 Account Debtor shall become insolvent or commit an act of bankruptcy or make an assignment of its assets;
 - 9.1.3 Account Debtor shall admit in writing or verbally its inability or refusal to pay its debts as they become due;
 - 9.1.4 Seller has breached any warranties, representations, covenants promises in the Agreement and/or Security Documents with regards to the unpaid Account or otherwise;
 - 9.1.5 Seller and Account Debtor are involved in a dispute of any kind, regardless of its merits or validity; or

- 9.1.6 Account Debtor asserts a claim, counterclaim, and right of setoff or cross claim of any kind whatsoever against Seller or the Factor.
- 9.2 By giving written notice, in the form of Schedule 4 (the “**Recourse Notice**”), to Seller with respect to a Recourse Account for which the Factor is entitled to claim recourse, the Factor may require Seller to repurchase the Recourse Account, in whole or in part, within 1 Business Day from the Recourse Notice, from the Factor and the repurchase price in respect of the Recourse Account, or part as the case may be, shall be the aggregate of 107% of the Purchase Price paid by the Factor for the Recourse Account, or part thereof, as the case may be, plus accrued interest payable on the Purchase Price paid by the Factor for the Recourse Account, or part thereof, as the case may be, as specified on Schedule 1, plus all costs and expenses of the Factor, including legal fees on a solicitor-client basis, incurred by the Factor in connection with such repurchase and any documents to be prepared or delivered in connection with same (the “**Repurchase Price**”).
- 9.3 The Factor shall be entitled to such interest as specified on Schedule 1, to be payable from the day hereof until the day when payment of the Repurchase Price in full is made by Seller.
- 9.4 The Factor may deduct any amount payable by Seller from any amount payable to Seller under this Agreement, and where such a deduction is made, Seller shall be deemed to have made a repayment in respect of the repurchase of such Recourse Account.
- 9.5 Until such time as the Repurchase Price is paid or deemed to have been paid by Seller, the Recourse Account and all rights, title and interest therein and in all security, Security Documents and Corresponding Rights relating thereto shall remain vested in the Factor.
- 9.6 Where Seller has paid in full the Repurchase Price with respect to a Recourse Account, then, any remittance received by the Factor thereafter in respect of that Recourse Account shall be paid by the Factor to Seller.
- 9.7 Upon the request and at the expense of Seller, the Factor shall do, execute, acknowledge and deliver, or cause to be done executed, acknowledged and delivered, all and every such further acts, deeds, mortgages, transfers and assurances in law as Seller may require in order to complete or to set up against third parties (perfect) the reassignment of the Recourse Account and all Corresponding Rights to which it relates or in any security relating thereto.

10 CONVERSION OPTION FOR INITIAL PURCHASE AMOUNT

- 10.1 Subject to the provisions of this Agreement and any applicable stock exchange or other regulatory approval, in the event of the occurrence of any Recourse Event relating to the Initial Approved Accounts, the Seller shall have the right, at the option of the Seller at any time while any Repurchase Price relating to a Recourse Account, as adjusted pursuant to Section 10.2 (the “**Conversion Amount**”) remains unpaid under this Agreement, to elect to convert a part or all of such Conversion Amount owing into Units at the Conversion Price (the “**Seller Conversion Option**”). In the event the Seller exercises its Seller Conversion Option the Factor shall surrender, and assign the Recourse Account to the Seller in the amount of the Conversion Amount.
- 10.2 For the purposes of calculating the Conversion Amount, the Repurchase Price relating to a Recourse Account shall be adjusted from the calculation of the Repurchase Price specified in Section 9.2 to be the aggregate of the outstanding balance of the Recourse Account, or part thereof, as the case may be, plus all costs and expenses of the Factor, including legal fees on a solicitor-client basis, incurred by the Factor in connection with such repurchase and any documents to be prepared or delivered in

connection with same. The accrued interest payable on the outstanding balance of the Recourse Account, or part thereof, as the case may be, as specified on Schedule 1, shall be payable in cash in the next quarterly payment, as specified on Schedule 1, provided that if the Conversion Amount is for the remaining balance of the Initial Approved Accounts, the Factor can elect to include the accrued interest in Units at the Conversion Price, in the form of Schedule 6.

- 10.3 Upon receipt of a Recourse Notice, the Seller may exercise its Seller Conversion Option, by sending Factor a conversion notice, in the form of Schedule 5 (the “**Seller Conversion Notice**”), within 1 Business Day from the Recourse Notice, accompanied by certificates representing the Common Shares (the “**Share Certificate**”) and Warrants (the “**Warrant Certificate**”) in the name of the Factor, or as it directs, evidencing the ownership of that number of Common Shares and Warrants specified in the Seller Conversion Notice. If the Seller fails to deliver the Share Certificate to the Factor within two (2) Business Days from the Seller Conversion Notice, the Seller shall pay to the Factor, in cash, an amount equal to 2% of the amount of the Conversion Amount, which amount shall accrue daily until the Share Certificate have been delivered to the Factor.
- 10.4 All Share Certificates and Warrant Certificates issued pursuant to this Section 10, shall be issued without any restrictions on transferability pursuant to section 2.37 of NI 45-106 or Section 73.2(1) of the *Securities Act* (Ontario).
- 10.5 Fractional Units will not be issued on any conversion and in lieu thereof the Seller will round up to the next full Unit if the fraction is 0.5 or greater, and will round down and issue no additional Unit if the fraction is below 0.5.
- 10.6 Notwithstanding anything to the contrary stated herein, in the event of the occurrence of an Event of Default (as set out in Section 13.1), the Factor shall have the option to convert all or a portion of the Conversion Amount into Units at the Conversion Price. In order to exercise such option it shall send to the Seller prior to the date on which the Conversion Amount is to be converted into Units (the “**Exercise Date**”) a notice, in the form of Schedule 6 (the “**Factor Conversion Notice**”), of the conversion specifying the Exercise Date and the number of Units to be issued upon conversion. On the Exercise Date, the Factor shall be entered in the books of the Seller as the holder of the number of Units resulting from the conversion and shall be treated for all purposes (including the right to receive dividends) as the holder of record of such Common Shares which shall be deemed outstanding as fully paid and non-assessable.
- 10.7 If the Factor sends a Factor Conversion Notice, the Factor must thereafter assign and surrender the Recourse Accounts to the Seller in exchange for the Seller delivering, within 1 Business Day from the Factor Conversion Notice, a Share Certificate and Warrant Certificate in the name of the Factor, or as it directs, evidencing the ownership of that number of Common Shares and Warrants specified in the Factor Conversion Notice. If the Seller fails to deliver the Share Certificate to the Factor within two (2) Business Days from the Factor Conversion Notice, the Seller shall pay to the Factor, in cash, an amount equal to 2% of the amount of the Conversion Amount, which amount shall accrue daily until the Share Certificate have been delivered to the Factor.
- 10.8 Without the prior written consent of the Factor, the Seller will not be permitted to convert the Conversion Amount into Units at the Conversion Price to the extent that, after giving effect to such conversion, the undersigned (together with the Factor's affiliates acting jointly or in concert with the undersigned, the “**Joint Actors**”) would beneficially own in excess of 9.9% of the number of the Common Shares issued and outstanding immediately after giving effect to such conversion, on a partially diluted basis assuming the conversion of all securities of the Joint Actors which are convertible into Common Shares within sixty (60) days from the proposed Exercise Date.

- 10.9 In case of any amalgamation of the Seller with, or merger of the Seller into, any other corporation with the result that the Seller ceases to exist in its present capacity, or in case of any sale, transfer or other disposition of all or substantially all of the assets of the Seller, the successor corporation or holder of the Seller's assets as the case may be shall, and the Seller shall cause such successor corporation or holder of the Seller's assets to, give notice in the manner specified in Section 16.3 to the Factor. Such notice shall confirm that the Factor shall have the right to convert the Conversion Amount into the kind and amount of shares and other securities and property receivable upon such amalgamation, merger or sale by a holder of the number of Units into which such Conversion Amount might have been converted immediately prior to such event. Such notice shall confirm adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this section.
- 10.10 The Seller shall from time to time forthwith after the occurrence of any event which requires adjustment or readjustment as provided in this section, deliver to the Factor, an officer's certificate specifying the nature of the event requiring the adjustment or readjustment and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

11 DISPUTES WITH ACCOUNT DEBTORS

- 11.1 Seller shall promptly notify the Factor of any dispute between Seller and an Account Debtor concerning an Account (an "**Account Debtor Dispute**").
- 11.2 Seller shall promptly issue credit notes for returned Goods as accepted by Seller from any Account Debtor and provide the Factor with a copy of any credit note issued by Seller to an Account Debtor as soon as that credit note is issued. The Factor shall continue to have a valid and enforceable security in returned Goods until the Factor has received payment in full of all Indebtedness relating to an Account in respect of which Goods have been returned.
- 11.3 Seller shall assign to Factor and possessory, repossession, and/or lien rights it may have with regards to the Accounts.
- 11.4 Seller shall not institute legal or collection proceedings against any Account Debtor, from whom monies are due and owing to the Factor with respect to an Account purchased by the Factor, without obtaining the Factor's prior written consent thereto.
- 11.5 The Factor may commence legal or collection proceedings in respect of any unpaid Account. The Factor may take any action it deems appropriate to collect and Account from any Account Debtor.
- 11.6 The Factor, without consultation or notice to Seller, may, but is not obligated to, settle or compromise any dispute with an Account Debtor. Such settlement or compromise shall not relieve Seller of its responsibility for payment to the Factor in full of any amount owing by it to the Factor. Seller is responsible, in whole or in part, with respect to payment of any Account or any deficiency thereof.
- 11.7 Where an Account purchased by the Factor is, in the sole and absolute opinion of the Factor, an Account for which the Factor is entitled to recourse, the Factor may charge back to Seller the amount of such Account.
- 11.8 Mistaken, incorrect and/or erroneous invoicing, submitted by Seller to the Factor may, at the Factor's discretion, be deemed an Account Debtor Dispute and be charged-back to Seller.

- 11.9 The Factor shall identify in writing all charge-backs when taken and provide to Seller a written statement thereof. Said statement shall be deemed an "Account Stated" between Seller and the Factor.

12 POWER OF ATTORNEY

- 12.1 In order to carry out this Agreement, Seller irrevocably appoints the Factor or any Person designated by the Factor, its attorney or agent with power to:
- 12.1.1 notify Account Debtors that Seller's accounts have been assigned to the Factor;
 - 12.1.2 direct Seller's Account Debtors to make payment of all Accounts directly to the Factor and forward invoices directly to such account Debtors;
 - 12.1.3 strike out Seller's address on all invoices and other documents relating to Account and Corresponding Rights mailed to Account Debtors and put the Factor's address on such invoices and documents;
 - 12.1.4 receive, open and dispose of all mail addressed to Seller at the Factor's address;
 - 12.1.5 endorse the name of Seller on any cheques, Instruments, Documents of Title or security that may come into the possession of the Factor in respect of Accounts purchased by the Factor or pursuant to default on any other documents relating to any of the Accounts, Corresponding Rights or to Collateral;
 - 12.1.6 register, file or record in all jurisdictions any notice or financing statements in all offices where such registration, filing or recording is, in the sole and absolute opinion of the Factor or the Factor's counsel, necessary or advisable to constitute, set up against third parties (perfect) and maintain the Factor's security on Accounts and/or in any Corresponding Rights;
 - 12.1.7 in Seller's name, or otherwise, demand, sue for, collect and give releases for any and all monies due or to become due on Account;
 - 12.1.8 compromise, prosecute or defend any action, claim or proceeding as to said Accounts; and
 - 12.1.9 do any and all things necessary and proper to carry out the purpose intended by this Agreement, the Security Documents and to protect the Factor's security in the Accounts, Corresponding Rights and other Collateral.
- 12.2 The power of attorney granted hereby shall be deemed to be coupled with an interest. The Seller shall fully indemnify the Factor in respect of the Factor's exercise of the power of attorney as aforesaid.
- 12.3 The Factor shall not be liable or responsible to Seller in any way whatsoever from any claims, costs, losses, damages of any kind, including, but not limited to, liability for any fundamental breach of this Agreement and the Security Documents, and regardless of the form of action, loss or damage suffered by Seller as a result of any actions taken or not taken by the Factor pursuant to this Agreement, including any loss or damage arising by virtue of the Factor collecting or attempting to collect any Accounts from Account Debtors and any special, indirect, incidental or consequential damages which Seller may incur or experience on account of entering into or relying upon this Agreement and/or the Security Documents.

13 DEFAULT

13.1 Any one or more of the following shall constitute an “Event of Default”:

- 13.1.1 failure for 10 days to pay interest when due;
- 13.1.2 failure to pay Repurchase Price or Conversion Amount, if any, when due;
- 13.1.3 failure of the Seller to complete the anticipated funding of at least US\$20,000,000 from the Development Financing Institutions before [Redacted] ;
- 13.1.4 if a decree or order of a court having jurisdiction is entered adjudging the Seller a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of, the property of the Seller, or appointing a receiver of, or of any substantial part of, the property of the Seller or ordering the winding-up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 60 days;
- 13.1.5 if the Seller institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of, or of any substantial part of, the property of the Seller, or any subsidiary or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;
- 13.1.6 if, after the date hereof, any proceedings with respect to the Seller are taken with respect to a compromise or arrangement, with respect to creditors of the Seller generally, under the applicable legislation of any jurisdiction;
- 13.1.7 if the Seller grants any security interest, other than the Permitted Encumbrances, in any property or assets of the Seller, which ranks *pari passu* or senior to the security interest granted hereunder without the prior written consent of Factor;
- 13.1.8 if the Seller, without the prior written consent of the Factor, (i) grants any security interest (other than Permitted Encumbrances) in any property or assets of the Seller which are explicitly excluded from the collateral set out in the Security Agreements, including but not limited to, the assets or licenses, or (ii) sell any of the assets explicitly excluded from the collateral set out in the Security Agreements; or
- 13.1.9 if, within 30 days from the date hereof, the Seller fails to cause the Indebtedness evidenced by this Agreement to be secured by way of a Hypothec in favour of the Factor or its duly authorized agent;
- 13.1.10 if Seller terminates, discontinues or suspends the operation of its business;
- 13.1.11 any person takes possession of any property of Seller by way of or in contemplation of enforcement of security, right of retention, seizure or third party garnishment or execution of similar process is levied or enforced against any property of Seller;

- 13.1.12 any change in the legal or beneficial control of Seller occurs without the Factor's prior written consent;
 - 13.1.13 any representation or warranty made by Seller herein, any Security Document or in any document, financial statement or certificate furnished or to be furnished by Seller in connection herewith shall prove to be incorrect;
 - 13.1.14 in the Factor's sole and absolute opinion, there is a material adverse change in Seller's financial condition or Seller's ability to pay any amounts owing to the Factor has been impaired, worsened or diminished or threatens to do so;
 - 13.1.15 Seller fails to pay any Indebtedness to the Factor when due; or
 - 13.1.16 Seller breaches any term, provision, covenant, warranty, representation, report or other statement made by or on behalf of Seller in this Agreement, the Security Documents or any other agreement, including, but not limited to, financial statement, schedule, Schedule of Accounts, required form or other statement, furnished by Seller, contract between Seller and the Factor or obligation of Seller to the Factor shall be false, erroneous or misleading in any respect.
- 13.2 In the event of any default, the Factor may do any one or more of the following without notice or demand to Seller except as expressly required under this Agreement;
- 13.2.1 Declare any and all Indebtedness immediately due and payable in full;
 - 13.2.2 Deem all outstanding Accounts to be the subject to Account Debtor Disputes and exercise its rights of recourse in connection with such Accounts;
 - 13.2.3 Notify Account Debtors, take possession of Collateral and collect any Accounts, all without judicial process;
 - 13.2.4 Require Seller to assemble the Collateral and all deeds, documents, writings, papers, books of account, other books, electronic and magnetic record and other records evidencing, recording or appertaining to Accounts and Corresponding Rights and make them available to the Factor at a place designated by the Factor;
 - 13.2.5 Take control in any manner of any reclaimed, rejected, returned, relieved, stopped in transit or redeposit Goods relating to any Account.
 - 13.2.6 Enter the premises of Seller and take possession of the Collateral and of the records pertaining to the Accounts, Corresponding Rights and any other Collateral;
 - 13.2.7 Exercise all or any of the rights and remedies of a secured party or otherwise under the PPSA and Civil Code of Quebec, if applicable;
 - 13.2.8 Grant extensions, compromise, claim and settle Accounts for less than face value, without prior notice to Seller;
 - 13.2.9 Use, in connection with any assembly or disposition of the Collateral, any trademark, trade name, trade style, copyright, patent right or technical process used or utilized by Seller;

- 13.2.10 Return any surplus realized to Seller after deducting reasonable expenses, and attorneys' fees incurred by the Factor in resolving said default;
 - 13.2.11 Hold Seller liable for any deficiency;
 - 13.2.12 Appoint by instrument in writing, or institute proceedings in any court of competent jurisdiction for the appointment of, any Person or Persons to be receiver or receiver and manager (a "**Receiver**") of all or any part of the Collateral. For greater certainty, where the Factor is referred to in this Agreement, the term shall, where the context permits, include the Receiver so appointed or replaced and the officers, employees, servants or agents of the Factor and the Receiver;
 - 13.2.13 Appoint any Person (including the Factor) or Persons to monitor the activities of Seller generally and to verify compliance by Seller of its obligations hereunder (a "**Monitor**");
 - 13.2.14 Charge interest on any Indebtedness outstanding at the highest rate permissible by law set out in Schedule 1, which interest shall become part of and added to the Indebtedness; and
 - 13.2.15 Exercise any rights and remedies available to it in respect of Accounts and/or Corresponding Rights under all Security Documents referred to in Section 7.
- 13.3 All rights, remedies and powers granted to the Factor herein, in the Security Documents and/or in any Schedule referred to herein or attached hereto are cumulative and may be exercised concurrently or separately from time to time with such other rights as the Factor may have. These rights afforded to the Factor shall be in addition to any rights or remedies provided for elsewhere in this Agreement, the Security Documents or available in law or equity and may be exercised from time to time as to all or any part of the hypothecated Collateral as the Factor in its discretion may determine.
- 13.4 In the event of any default, the Factor shall not be required or be under any obligation to carry out any discussion on any assets in favour of Seller or any guarantor or any other party.
- 13.5 Notwithstanding the foregoing, for the purposes of ensuring the Seller does not trigger an event of default pursuant to the finance contracts with European Investment Bank and a loan agreement between NuRAN Wireless (Africa) Holding and Finnish Fund for Industrial Cooperation Ltd., the occurrence of any event set out in sections 13.1.3-**Error! Reference source not found.** shall not constitute an Event of Default herein, and shall have an additional grace period of 20 business days during which the parties shall agree to enter into a debt settlement agreement to reduce the Conversion Price. Any debt settlement entered into during this grace period shall not constitute a prepayment or discharge before a maturity date.

14 INDEMNITY

- 14.1 Seller shall indemnify and hold the Factor harmless from any and all liability, obligations, claims, losses, damages, actions and suites, costs and expenses in any way relating to or resulting from this Agreement, the Security Documents or any Schedule referred to herein or attached hereto, including, without limitation, counsel fees, costs of suit and interest which the Factor may incur due to the failure of Seller to perform any of its obligations under this Agreement, the Security Documents or under any Schedule referred to herein or attached hereto and including without limitation, the failure of Seller to pay withholding taxes due and payable to any taxing authority. If Seller fails to perform any of its obligations, the Factor may, but shall not be obligated to, perform any of those obligations,

and Seller shall pay to the Factor, immediately upon written demand, an amount equal to the expense incurred by the Factor in performing those obligations.

- 14.2 Seller shall indemnify and hold the Factor harmless against any claim whatsoever by an Account Debtor against the Factor or arising from the Factor collecting or attempting to collect any monies in respect of any Account.

15 TERMINATION

- 15.1 Factor may terminate this Agreement at any time upon (60) days' written notice to Seller. Subject to Section 15.2 hereof and to Seller's continuing obligations thereunder, Seller may terminate its obligations under this Agreement upon giving no less than sixty (60) days' written notice to Factor.
- 15.2 Notwithstanding termination of this Agreement, Seller shall continue to be liable to the Factor for the full and prompt payment of Accounts purchased by the Factor hereunder which are then outstanding and unpaid, disputed or undisputed, and in respect of which, under the terms hereof, Seller is liable to the Factor, as well as for any other Indebtedness due to the Factor from Seller. The security granted by the Seller in favor the Factor as well as all the security granted pursuant to any Security Document shall have full force and effect until all such Indebtedness of Seller to the Factor is paid in full.

16 GENERAL

- 16.1 Seller and the Factor hereby acknowledge and agree that all schedules and addenda attached hereto or reference herein shall be read with and be deemed to be part of Agreement as if they were contained in one agreement.
- 16.2 All provisions in this Agreement, or in any Schedule or Schedule referred to herein or attached hereto, to "Goods" shall be read mutatis mutandis so as to include any "Services" provided by Seller to Account Debtors.
- 16.3 All notices and other communications which may be given to any party pursuant to this Agreement shall be given or made in writing and shall be served personally or be emailed or mailed by prepaid and registered mail (return receipt requested) addressed to such party at its usual business address or to such other address or in care of such other Persons as any party may from time to time advise the other by notice in writing. The date of receipt of any such notice or communication shall be deemed to be the date of delivery thereof if served personally or; if served by email, the date of transmission thereof or, if mailed as aforesaid, the date next following the first Business Day next following the date of posting. In the event of interruption of one or more of the forms of communication listed above for any reason, the parties shall use a form of communication which is not so interrupted with the intent that the form of communication used will give the addressee timely notice of the communication.
- 16.4 The Factor shall be at liberty to appropriate any payment made to, or monies received by, the Factor from Seller, including any monies in any reserve account, to any portion of the amounts due or to become due under this Agreement or in respect of any Account, and from time to time to revoke or alter any such appropriation, all as the Factor may from time to time in its sole discretion determine.
- 16.5 Each party hereto shall from time to time execute, draw, endorse and deliver all such instruments and documents and do all such acts and things as the other party may reasonably deem necessary or desirable for the purposes of carrying into effect any or all of the provisions of this Agreement or any

documents delivered hereunder or of securing the fulfillment of all the obligations of one party to the other party hereunder.

- 16.6 No failure or delay of either party in exercising any power or right hereunder shall operate as waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power hereunder. No modification or waiver of any provision of this Agreement nor consent to any departure by any party there from shall in any event be effective unless the same shall be in writing and then such waiver or consent shall be effective only in the specific instance and for the given purpose. No notice to any party in any case shall entitle the other party to any other or further notice in similar or other circumstances.
- 16.7 Any provisions of this Agreement or any documents delivered hereunder prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remaining terms and provisions hereof.
- 16.8 This Agreement and the schedules and addenda attached hereto shall constitute the entire agreement between the parties hereto with respect to the matters described herein and shall supersede all prior agreements, arrangements, undertakings, understandings, collateral agreements and representations, whether oral or written, relative to such matters. This Agreement shall not be amended except by an amending agreement in writing signed by the parties hereto.
- 16.9 The parties have expressly requested that this Agreement and all related documents be drafted in the English language. *Les parties ont expressément exigé que la présente convention et tous les documents connexes soient rédigés en anglais.*
- 16.10 Words importing the singular number only shall include the plural and vice versa. Word importing the use of any gender shall include all genders. Where used herein, the word “or” is disjunctive but not necessarily exclusive.
- 16.11 All section headings in this Agreement are for convenience only and do not form part of this Agreement.
- 16.12 This Agreement shall enure to and be binding upon the parties hereto, their successors, permitted assigns, trustees and legal representatives.
- 16.13 The Factor may not assign its interest in this Agreement to any Person without the prior written consent of Seller. Seller may not assign its interest in this Agreement to any Person without the prior written consent of the Factor.
- 16.14 Except as is prohibited by law, the Factor shall be entitled to charge Seller for all costs and expenses incurred by the Factor in connection with this Agreement, including, without limitation, the costs of obtaining credit reports on Seller or its Account Debtors, solicitor's fees (on a solicitor-client basis) and costs incurred by the Factor in the negotiation, preparation and execution of this Agreement, the Security Documents and any documents related thereto and in the prosecution or enforcement of any of the Factor rights, claims or causes of action which arise out of, relate to or pertain to this Agreement, the Security Documents and the Indebtedness, including all attorneys' fees, interest and other costs and expenses incurred in connection with any bankruptcy or insolvency proceeding involving Seller. Such costs and expenses and attorneys' fees incurred shall be paid on demand by Seller.

- 16.15 Except where otherwise expressly provided, all amounts in this Agreement, the Security Documents and/or in any Schedule attached or referred to herein are stated and shall be paid in Canadian currency.
- 16.16 Seller acknowledges receipt of a true copy of this Agreement.
- 16.17 This Agreement becomes effective when it is executed in the places indicated below by authorized representatives of Seller and the Factor.
- 16.18 This Agreement shall be deemed to be a contract made under the laws of the Province of British Columbia and for all purposes, including matters of construction, validity, performance and enforceability be governed by the laws of such Province, and the courts of such Province shall have exclusive jurisdiction over all matters arising in connection herewith. Seller hereby consents to the exclusive jurisdiction of the courts located within the Province of British Columbia.
- 16.19 Seller acknowledges and confirms that it has reviewed the contents of this agreement and all addenda attached or referred to herein, that it has had an opportunity to seek the advice of legal and other counsel prior to executing this agreement and that it has availed itself of such opportunity and obtained whatever advice necessary to ensure that it fully understand and appreciates its rights and obligations hereunder.

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