

**ASSET PURCHASE AGREEMENT**

between

**FOOI INC.**

and

**XIGEM TECHNOLOGIES CORPORATION**

dated as of

**August 6, 2021**

## ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "**Agreement**"), dated as of August 6, 2021 is entered into between FOOi Inc., a corporation incorporated under the federal laws of Canada ("**Vendor**") and Xigem Technologies Corporation, a corporation incorporated under the federal laws of Canada ("**Purchaser**").

### Recitals

**WHEREAS**, Vendor carries on the business as a commercialized proprietary, software-as-a-service, cloud-based, peer-to-peer payment application (the "**Business**");

**WHEREAS**, Vendor wishes to sell to Purchaser, and Purchaser wishes to purchase from Vendor the rights of Vendor to the Purchased Assets (as defined herein) and undertaking of the Business, subject to the terms and conditions set forth herein;

**NOW THEREFORE**, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### ARTICLE I Purchase and Sale

**Section 1.01 Purchase and Sale of Assets.** Subject to the terms and conditions set forth herein, Vendor shall sell, assign, transfer, convey and deliver to Purchaser, and Purchaser shall purchase from Vendor, all of Vendor's right, title and interest in to and under all of the tangible and intangible assets, properties and rights of every kind and nature and wherever located of the Vendor (the "**Purchased Assets**"), including those assets set forth in Section 1.01 of the disclosure schedule attached hereto (the "**Disclosure Schedule**"), free and clear of any mortgage, pledge, lien, charge, security interest, claim or other encumbrance ("**Encumbrance**").

**Section 1.02 No Liabilities.** Purchaser shall not assume any liabilities or obligations of Vendor of any kind, whether known or unknown, contingent, matured or otherwise, whether currently existing or hereinafter created.

**Section 1.03 Purchase Price.** The purchase price (the "**Purchase Price**") payable by Purchaser to Vendor for the Purchased Assets shall be an aggregated amount of FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) which will be payable by Purchaser to Vendor as set forth in Section 1.05 below.

**Section 1.04 Payment of Purchase Price.** The Purchase Price shall be paid and satisfied as follows:

- (a) At the Closing Date (as defined below), Purchaser will issue to APO FINANCE CORP. (the "**Nominee**") 1,666,667 common shares in the capital of Purchaser (the "**Purchaser Shares**") at a deemed price equal to \$0.30 per Purchaser Share;
- (b) The Purchaser Shares shall be transferred to the Nominee free and clear of all Encumbrances; and
- (c) The Purchaser Shares shall be duly registered in the name of the Nominee or as directed by Nominee.

**Section 1.05 Baron Auto Group Investment.** Under the trading agreement attached hereto as Exhibit D (the “**Trading Agreement**”), the Nominee will use its reasonable commercial efforts to sell the Purchaser Shares at prevailing market prices during the 90-day period following the Closing Date, and, following such 90 day period, the Nominee will immediately remit the gross proceeds from the sale of the Purchaser Shares, net of ordinary course selling commissions, to 2455350 ONTARIO INC. o/a Baron Auto Group (“**BAG**”). Following such 90-day period, on each successive 60 day period, provided the Purchaser Shares have not been sold in their entirety, the Nominee will use its reasonable commercial efforts to sell the Shares at prevailing market prices, and, following each such 60 day period, the Nominee shall immediately remit the gross proceeds from the sale of the Shares, net of ordinary course selling commissions, to BAG. Immediately after each of such 90 or 60 day periods, as applicable, the Vendor shall enter into a subscription agreement with BAG in the form of Exhibit C hereto (the “**Subscription Agreement**”) duly executed by Vendor and BAG, pursuant to which Vendor shall irrevocable agree to purchase a promissory note (the “**Promissory Note**”) having a principal amount equal to the proceeds remitted by the Nominee to BAG in respect of such period, which shall be secured by a general security agreement (the “**GSA**”).

**Section 1.06 Allocation of Purchase Price.** Vendor and Purchaser agree that the Purchase Price and shall be allocated among the Purchased Assets for all purposes (including tax and financial accounting) in a manner consistent with the *Income Tax Act* (Canada) (the “**Tax Act**”).

**Section 1.07 HST**

- (a) Purchaser and Vendor shall jointly make the elections provided for under section 167(1.1) of the *Excise Tax Act* (Canada) (the “**ETA**”) so that no harmonized sales tax (“**HST**”) will be payable in respect of the transactions contemplated by this Agreement.
- (b) Purchaser and Vendor shall complete the election forms in respect of such elections.
- (c) Purchaser shall file such elections no later than the due date for Purchaser's HST return for the first reporting period in which the HST would, in the absence of filing such elections, become payable in connection with the transactions contemplated by this Agreement.

**Section 1.08 Withholding Tax.** Purchaser shall be entitled to deduct and withhold from the Purchase Price all taxes that Purchaser may be required to deduct and withhold under any applicable tax law. All such withheld amounts shall be treated as delivered to Vendor hereunder.

**ARTICLE II**  
**Closing**

**Section 2.01 Closing.** The closing of the transactions contemplated by this Agreement (the “**Closing**”) shall take place simultaneously with the execution of this Agreement on the date of this Agreement (the “**Closing Date**”) at the offices of Garfinkle Biderman LLP, 1 Adelaide Street East, Toronto, Ontario, M5C 2V9. The consummation of the transactions contemplated by this Agreement shall be deemed to occur at 10:00 a.m. (Toronto time) on the Closing Date.

**Section 2.02 Closing Deliverables**

- (a) At the Closing, Vendor shall deliver to Purchaser the following:

- (i) an assignment and assumption agreement in the form of Exhibit A hereto (the "**Assignment and Assumption Agreement**") duly executed by Vendor, effecting the assignment to and assumption by Purchaser of the Purchased Assets;
  - (ii) a transitional services agreement in the form of Exhibit B hereto (the "**Transitional Services Agreement**") duly executed by Vendor;
  - (iii) the Trading Agreement duly executed by the Vendor;
  - (iv) the tax elections required by Section 1.07;
  - (v) a certificate of the Secretary or Assistant Secretary (or equivalent officer) of Vendor certifying as to (A) the resolutions of shareholders and of the board of directors of Vendor, duly passed or consented to and in effect, which authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby; (B) the names and signatures of the officers of Vendor authorized to sign this Agreement and the documents to be delivered hereunder; and (C) since May 4, 2021, there has been no result, occurrence, fact, change, event, circumstance or effect (whether or not constituting a breach of a representation, warranty or covenant of Vendor pursuant to this Agreement or any ancillary agreements to this Agreement), whether known or unknown, individually or in aggregate with any other results, occurrences, facts, changes, events, circumstances or effects, is, or could reasonable be expected to be, materially adverse to the Purchased Assets or the conduct of the Business, taken as a whole, including a material adverse change of the historical or current, or near-term or long-term projected, (i) business, (ii) operations, (iii) property or assets, (iv) liabilities, (v) financial condition or (vi) results of operations (including revenue, earning or cash flow); and
  - (vi) such other customary instruments of transfer, assumptions, filings or documents, in form and substance reasonably satisfactory to Purchaser, as may be required to give effect to this Agreement.
- (b) At the Closing, Purchaser shall deliver to Vendor the following:
- (i) an approval of the board of directors of Purchaser approving this Agreement and transactions contemplated herein;
  - (ii) evidence the Purchaser Shares have been deposited with the Nominee;
  - (iii) the Assignment and Assumption Agreement duly executed by Purchaser;
  - (iv) the Transitional Services Agreement duly executed by Purchaser;
  - (v) the Trading Agreement duly executed by the Purchaser and the Vendor;
  - (vi) a certificate of the Secretary or Assistant Secretary (or equivalent officer) of Purchaser certifying as to (A) the resolutions of the board of directors of Purchaser, duly passed or consented to and in effect, which authorize the execution, delivery and performance of this Agreement and the transactions

contemplated hereby; and (B) the names and signatures of the officers of Purchaser authorized to sign this Agreement and the documents to be delivered hereunder; and

- (vii) the tax elections required by Section 1.07.

### **ARTICLE III Representations and Warranties of Vendor**

Vendor represents and warrants to Purchaser that the statements contained in this Article ARTICLE III are true and correct as of the date hereof. For the purposes of this Article ARTICLE III, "Vendor's Knowledge", "Knowledge of Vendor" and any similar phrases shall mean the actual or constructive knowledge of any director or officer of Vendor, after due inquiry.

**Section 3.01 Incorporation and Authorization of Vendor; Enforceability.** Vendor is a corporation incorporated and validly existing under the federal laws of Canada and has not been discontinued or dissolved under such law. Vendor has the corporate power and capacity to enter into this Agreement and the documents to be delivered hereunder, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance and the documents to be delivered hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of Vendor. This Agreement and the documents to be delivered hereunder have been duly executed and delivered by Vendor, and (assuming due authorization, execution and delivery by Purchaser), this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of Vendor, enforceable against Vendor in accordance with their respective terms.

**Section 3.02 No Conflicts; Consents.** The execution, delivery and performance by Vendor of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not:

- (a) violate or conflict with the articles of incorporation, by-laws or any unanimous shareholder agreement of Vendor;
- (b) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Vendor or the Purchased Assets;
- (c) conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under, or give rise to a right of termination, acceleration or modification of any obligation or loss of any benefit under any contract or other instrument to which Vendor is a party or to which any of the Purchased Assets are subject; or
- (d) result in the creation or imposition of any Encumbrance on the Purchased Assets.

No consent, approval, waiver or authorization is required to be obtained by Vendor from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by Vendor of this Agreement and the consummation of the transactions contemplated hereby.

**Section 3.03 Title to Purchased Assets.** Vendor owns and has good and valid title to the Purchased Assets, free and clear of all Encumbrances.

**Section 3.04 Intellectual Property**

- (a) **"Intellectual Property"** means any and all of the following in any jurisdiction throughout the world: (i) trademarks, including all applications and registrations and the goodwill connected with the use and symbolized by the foregoing; (ii) copyrights and industrial designs, including all applications and registrations relating to the foregoing; (iii) trade secrets and confidential know-how; (iv) patents and patent applications; (v) websites and internet domain name registrations; and (vi) other intellectual property and related proprietary rights, interests and protections (including all rights to sue and recover and retain damages, costs and legal fees, disbursements and charges for past, present and future infringement and any other rights relating to any of the foregoing).
- (b) Vendor owns or has adequate, valid and enforceable rights to use all of its Intellectual Property (the **"Purchased IP"**), free and clear of all Encumbrances. Vendor is not bound by any outstanding judgment, injunction, order or decree restricting the use of the Purchased IP, or restricting the licensing thereof to any person or entity. With respect to registered Intellectual Property listed in Section 3.04 of the Disclosure Schedules (i) all such Intellectual Property is valid, subsisting and in full force and effect; and (ii) Vendor has paid all maintenance fees and made all filings required to maintain Vendor's ownership thereof. For all such registered Intellectual Property, Section 3.04 of the Disclosure Schedules lists (A) the jurisdiction where the application or registration is located; (B) the application or registration number; and (C) the application or registration date.
- (c) Vendor's prior and current use of the Purchased IP has not and does not infringe, violate, dilute or misappropriate the Intellectual Property of any person or entity and there are no claims pending or threatened by any person or entity with respect to the ownership, validity, enforceability, effectiveness or use of the Purchased IP, and neither Vendor nor any affiliate of Vendor has made or asserted any claim, demand or notice against any person or entity alleging any such infringement, misappropriation, dilution or other violation.

### **Section 3.05 Taxes**

- (a) Vendor is not a non-resident of Canada within the meaning of the Tax Act.
- (b) Vendor is not registered for purposes of Part IX of the ETA. Vendor has complied in all material respects with the ETA and any other provincial sales tax legislation.
- (c) Vendor is selling under this Agreement all or substantially all the property that can reasonably be regarded as being necessary for Purchaser to carry on the Business as a business.

### **Section 3.06 Employment Matters**

- (a) Vendor does not have any obligation to pay any change-in-control, sale, completion, incentive, stay, retention and similar bonuses or payments to any current or former employees as a result of the transactions contemplated by this Agreement.

**Section 3.07 Compliance With Laws.** Vendor has complied, and is now complying, with all applicable federal, provincial, territorial and local laws and regulations applicable, but not limited, to ownership, use of the Purchased Assets, privacy and data security, and the protection of personal information.

**Section 3.08 Legal Proceedings.** There is no claim, action, suit, proceeding or governmental investigation (each, an "Action") of any nature pending or, to Vendor's Knowledge, threatened against or by Vendor:

- (a) relating to or affecting the Purchased Assets; or
- (b) that challenges or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement.

No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action.

**Section 3.09 Brokers.** Vendor has not engaged any broker or other agent in connection with the transactions contemplated by this Agreement and, accordingly, there is no commission, fee or other remuneration payable to any broker or agent who purports or may purport to have acted for Vendor.

**Section 3.10 Full Disclosure.** No representation or warranty by Vendor in this Agreement and no statement contained in the Disclosure Schedules to this Agreement or any certificate or other document furnished or to be furnished to Purchaser under this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

#### **ARTICLE IV Representations and Warranties of Purchaser**

Purchaser represents and warrants to Vendor that the statements contained in this Article ARTICLE IV are true and correct as of the date hereof. For the purposes of this Article ARTICLE IV, "Purchaser's Knowledge" and any similar phrases shall mean the actual or constructive knowledge of any director or officer of Purchaser, after due inquiry.

**Section 4.01 Incorporation and Authority of Purchaser; Enforceability.** Purchaser is a corporation incorporated and validly existing under the federal laws of Canada. Purchaser has the corporate power and capacity to enter into this Agreement and the documents to be delivered hereunder, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by Purchaser of this Agreement and the documents to be delivered hereunder and the consummation of the transactions hereby have been duly authorized by all requisite corporate action on the part of Purchaser. This Agreement and the documents to be delivered hereunder have been duly executed and delivered by Purchaser, and (assuming due authorization, execution and delivery by Vendor) this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their respective terms.

**Section 4.02 No Conflicts; Consents.** The execution, delivery and performance by Purchaser of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not:

- (a) violate or conflict with the articles of incorporation, by-laws or any unanimous shareholder agreement of Purchaser; or
- (b) violate or conflict with or result any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Purchaser.

No consent, approval, waiver or authorization is required to be obtained by Purchaser from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by Purchaser of this Agreement and the consummation of the transactions contemplated hereby.

**Section 4.03 Legal Proceedings.** There is no Action of any nature pending or, to Purchaser's Knowledge, threatened against or by Purchaser that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action.

**Section 4.04 Brokers.** Purchaser has not engaged any broker or other agent in connection with the transactions contemplated by this Agreement and, accordingly, there is no commission, fee or other remuneration payable to any broker or agent who purports or may purport to have acted for Purchaser.

**Section 4.05 HST/GST Registration.** Purchaser is duly registered for purposes of the ETA.

## **ARTICLE V Covenants**

**Section 5.01 Public Announcements.** Unless otherwise required by applicable law or stock exchange requirements, neither party shall make any public announcements regarding this Agreement or the transactions contemplated hereby without the prior written consent of the other party (which consent shall not be unreasonably withheld or delayed).

### **Section 5.02 Transfer Taxes**

- (a) Purchaser and Vendor shall jointly make the election provided for under section 167(1) of the ETA so that no HST will be payable in respect of the transactions contemplated by this Agreement. Purchaser and Vendor shall jointly complete the election form (more particularly described as GST 44 GST/HST Election Concerning Acquisition of a Business or Part of a Business) in respect of such election, and Purchaser shall file the completed election form no later than the due date for Purchaser's HST return for the first reporting period in which HST would, in the absence of this election, become payable in connection with the transactions contemplated by this Agreement.
- (b) On the Closing Date, Vendor shall deliver to Purchaser a duplicate copy of a clearance certificate issued under section 6 of the *Retail Sales Tax Act* (Ontario) that all Taxes exigible under the *Retail Sales Tax Act* (Ontario) have been paid.

**Section 5.03 Further Assurances.** Following the Closing, each of the parties hereto shall execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the documents to be delivered hereunder.

## **ARTICLE VI Miscellaneous**

**Section 6.01 Expenses.** All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.



**Section 6.02 Notices.** All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given:

- (a) when delivered by hand (with written confirmation of receipt);
- (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested);
- (c) on the date sent by facsimile or email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or
- (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid.

Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section Section 6.02):

If to Vendor: **FOOi Inc**  
8 Sampson Mews, Unit 202  
North York, ON M3C 0H5  
Email: *[Intentionally removed]*  
Attention: *[Intentionally removed]*

If to Purchaser: **Xigem Technologies Corporation**  
22 Adelaide Street West  
Bay Adelaide Centre,  
East Tower, Suite 3600  
Toronto, ON M5H 4E3  
Email: *[Intentionally removed]*  
Attention: *[Intentionally removed]*

with a copy to: **Garfinkle Biderman LLP**  
Suite 801, 1 Adelaide Street East  
Toronto, ON M5C 2V9  
Email: *[Intentionally removed]*  
Attention: *[Intentionally removed]*

**Section 6.03 Headings.** The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

**Section 6.04 Severability.** If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

**Section 6.05 Entire Agreement.** This Agreement and the documents to be delivered hereunder constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and documents to be delivered hereunder, the

Exhibits and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

**Section 6.06 Successors and Assigns.** This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

**Section 6.07 No Third-Party Beneficiaries.** Except as provided in ARTICLE VI, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

**Section 6.08 Amendment and Modification.** This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto.

**Section 6.09 Waiver.** No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

**Section 6.10 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**Section 6.11 Forum Selection.** Any action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby may be brought in the courts of the Province of Ontario, and each party irrevocably submits and agrees to attorn to the exclusive jurisdiction of such courts in any such action or proceeding.

**Section 6.12 Choice of Language.** The parties confirm that it is their express wish that this Agreement, as well as any other documents relating to this Agreement, including notices, schedules and authorizations, have been and shall be drawn in the English language only. Les parties aux présentes confirment leur volonté expresse que cette convention, de même que tous les documents s'y rattachant, y compris tous avis, annexes et autorisations s'y rattachant, soient rédigés en langue anglaise seulement.

**Section 6.13 Specific Performance.** The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

**Section 6.14 Counterparts.** This Agreement may be executed in counterparts, and/or by facsimile or e-mail transmission of Adobe Acrobat files, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. Any Party executing this Agreement by fax or PDF file shall, immediately following a request by any other Party, provide an originally executed counterpart of this Agreement, provided, however, that any failure to so provide shall not constitute a

breach of this Agreement except to the extent that such electronic execution is not otherwise permitted under the *Electronic Commerce Act, 2000* (Ontario).

***[SIGNATURE PAGE FOLLOWS]***

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**FOOI INC.**

By           "Authorized Signatory"          

Name: *[Intentionally removed]*

Title: *[Intentionally removed]*

I have authority to bind the corporation.

By           "Authorized Signatory"          

Name: *[Intentionally removed]*

Title: *[Intentionally removed]*

I have authority to bind the corporation.

## DISCLOSURE SCHEDULE

### SECTION 1.01

#### Purchased Assets

<b>Purchased Asset</b>	<b>Description of Purchased Asset</b>
Cash and cash equivalents	CA\$ <i>[Intentionally removed]</i>
Accounts Receivable	CA\$ <i>[Intentionally removed]</i>
Inventory	CA\$ <i>[Intentionally removed]</i>
Prepaid Expenses	All prepaid expenses relating to the Purchased Assets, valued at CA\$ <i>[Intentionally removed]</i>
Other Current Assets	CA\$ <i>[Intentionally removed]</i>
IP	The Purchased IP, valued at CA\$ <i>[Intentionally removed]</i>
Website	CA\$ <i>[Intentionally removed]</i>
Source Code	CA\$ <i>[Intentionally removed]</i>
Goodwill	All goodwill, together with the exclusive right for Purchaser to represent itself as owning and using the Purchased Assets in succession to Vendor and the right to use any words indicating that the Purchased Assets are so owned and used, or any variation thereof, as part of the name or style under which the Purchased Assets or any part thereof are owned and used by Purchaser.

**EXHIBIT A**

**Form of Assignment and Assumption Agreement**

(See attached)

## ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (the "**Agreement**"), effective as of August 6, 2021 (the "**Effective Date**"), is by and between FOOi Inc., a corporation incorporated under the federal laws of Canada ("**Vendor**") and Xigem Technologies Corporation, a corporation incorporated under the federal laws of Canada ("**Purchaser**").

WHEREAS, Vendor and Purchaser have entered into a certain asset purchase agreement, dated as of August 6, 2021 (the "**Purchase Agreement**"), under which, among other things, Vendor has agreed to assign all of its rights, title and interests in, and Purchaser has agreed to assume all of Vendor's duties and obligations under, the Assigned Contracts (as defined in the Purchase Agreement).

**NOW, THEREFORE**, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions. All capitalized terms used in this Agreement but not otherwise defined herein are given the meanings set forth in the Purchase Agreement.
2. Assignment and Assumption. Vendor hereby sells, assigns, grants, conveys and transfers to Purchaser all of Vendor's right, title and interest in and to the Assigned Contracts. Purchaser hereby accepts such assignment and assumes all of Vendor's duties and obligations under the Assigned Contracts and agrees to pay, perform and discharge, as and when due, all of the obligations of Vendor under the Assigned Contracts accruing on and after the Effective Date.
3. Terms of the Purchase Agreement. The terms of the Purchase Agreement, including, but not limited to, the representations, warranties, covenants, agreements and indemnities relating to the Assigned Contracts are incorporated herein by this reference. The parties hereto acknowledge and agree that the representations, warranties, covenants, agreements and indemnities contained in the Purchase Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. In the event of any conflict or inconsistency between the terms of the Purchase Agreement and the terms hereof, the terms of the Purchase Agreement shall govern.
4. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
5. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.
6. Further Assurances. Each of the parties hereto shall execute and deliver, at the reasonable request of the other party hereto, such additional documents, instruments, conveyances and assurances and take such further actions as such other party may reasonably request to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

**IN WITNESS WHEREOF**, the parties have executed this Agreement to be effective as of the date first above written.

**FOOI INC.**

By \_\_\_\_\_

Name: *[Intentionally removed]*

Title: *[Intentionally removed]*

I have authority to bind the corporation.

**XIGEM TECHNOLOGIES CORPORATION**

By \_\_\_\_\_

Name: *[Intentionally removed]*

Title: *[Intentionally removed]*

I have authority to bind the corporation.



**EXHIBIT B**

**Form of Transitional Services Agreement**

(See attached)

**TRANSITIONAL SERVICES AGREEMENT**

**between**

**FOOI INC.**

**and**

**XIGEM TECHNOLOGIES CORPORATION**

**dated as of**

**AUGUST 6, 2021**

## TRANSITIONAL SERVICES AGREEMENT

This Transitional Services Agreement, dated as of August 6, 2021 (this "**Agreement**"), is entered into between FOOi Inc., a corporation incorporated under the federal laws of Canada ("**Vendor**") and Xigem Technologies Corporation, a corporation incorporated under the federal laws of Canada ("**Purchaser**").

### RECITALS:

**WHEREAS**, Purchaser and Vendor have entered into that certain asset purchase agreement, dated as of August 6, 2021 (the "**Purchase Agreement**"), under which Vendor has agreed to sell to Purchaser, and Purchaser has agreed to purchase from Vendor substantially all the assets of the Business (as such term is defined in the Purchase Agreement), all as more fully described therein;

**WHEREAS**, to ensure an orderly transition of the Business to Purchaser and as a condition to consummating the transactions contemplated by the Purchase Agreement, the Purchaser and Vendor have agreed to enter into this Agreement, under which Vendor will provide, or cause its Affiliates to provide, Purchaser with certain services, in each case on a transitional basis and subject to the terms and conditions set forth herein; and

**WHEREAS**, capitalized terms used herein and not otherwise defined shall have the meaning ascribed to such terms in the Purchase Agreement.

**NOW, THEREFORE**, in consideration of the mutual agreements and covenants hereinafter set forth, Purchaser and Vendor hereby agree as follows:

### ARTICLE I Services

#### Section 1.01 Provision of Services.

- (a) Vendor agrees to provide the services (the "**Services**") set forth in Exhibit "A", attached hereto (the "**Service Exhibit**") to Purchaser for the respective periods and on the other terms and conditions set forth in this Agreement and Service Exhibit.
- (b) Notwithstanding the contents of the Service Exhibit, Vendor agrees to respond in good faith to any reasonable request by Purchaser for access to any additional services that are necessary for the operation of the Business and that are not currently contemplated in the Service Exhibits, for nominal consideration. Any such additional services so provided by Vendor shall constitute Services under this Agreement and be subject in all respects to the provisions of this Agreement as if fully set forth in the Service Exhibit as of the date hereof.
- (c) The parties hereto acknowledge the transitional nature of the Services. Accordingly, as promptly as practicable following the execution of this Agreement, Purchaser agrees to use commercially reasonable efforts to make a transition of each Service to its own internal organization or to obtain alternate third-party sources to provide the Services.

- (d) Subject to Section 2.02 and Section 3.05, the obligations of Vendor under this Agreement to provide Services shall terminate with respect to each Service on the end date specified in the applicable Service Exhibit (each, an "**End Date**"). Notwithstanding the foregoing, the parties acknowledge and agree that Purchaser may determine from time to time that it does not require all the Services set out in one or more of the Service Exhibits or that it does not require such Services for the entire period up to the applicable End Date. Accordingly, Purchaser may terminate any Service, in whole and not in part, upon notification to Vendor in writing of any such determination.

### **Section 1.02 Standard of Service.**

- (a) Vendor represents, warrants and agrees that the Services shall be provided in good faith, in accordance with law and, except as specifically provided in the Service Exhibits, in a manner generally consistent with the historical provision of the Services and with the same standard of care as historically provided. Subject to Section 1.03, Vendor agrees to assign sufficient resources and qualified personnel as are reasonably required to perform the Services in accordance with the standards set forth in the preceding sentence.
- (b) Except as expressly set forth in Section 1.02(a) or in any contract entered into hereunder, Vendor makes no representations, warranties or conditions of any kind, implied or expressed, with respect to the Services, including, without limitation, no conditions or warranties of merchantability or fitness for a particular purpose, which are specifically disclaimed. Purchaser acknowledges and agrees that this Agreement does not create a fiduciary relationship, partnership, joint venture or relationship of trust or agency between the parties and that all Services are provided by Vendor as an independent contractor.

### **Section 1.03 Third-Party Service Providers.**

Vendor shall have the right to hire third-party subcontractors to provide all or part of any Service hereunder; except that, if such subcontracting is inconsistent with past practices or such subcontractor is not already engaged with respect to such Service as of the date hereof, Vendor shall obtain the prior written consent of Purchaser to hire such subcontractor, such consent not to be unreasonably withheld. Vendor shall in all cases retain responsibility for the provision to Purchaser of Services to be performed by any third-party service provider or subcontractor or by any of Vendor's Affiliates.

### **Section 1.04 Access to Premises.**

- (a) To enable the provision of the Services by Vendor, Purchaser agrees that it shall provide to the employees of Vendor and its Affiliates and to any third-party service providers or subcontractors who provide Services, at no cost to Vendor, access to the facilities, assets and books and records of the Purchaser, in all cases to the extent necessary for Vendor to fulfil its obligations under this Agreement.
- (b) Vendor agrees that all of the employees of Vendor and any third-party service providers and subcontractors, when on the property of Purchaser or when given access to any

equipment, computer, software, network or files owned or controlled by Purchaser, shall conform to the policies and procedures of Purchaser concerning health, safety and security, which are made known to Vendor in advance in writing. If Vendor has access (either on-site or remotely) to any of the computer systems or files of Purchaser or its Affiliates in connection with the Services to be provided under this Agreement, it shall limit such access solely to the use of such systems and files as required to perform the Services and shall not access or attempt to access any computer systems, network, files or services other than those required to perform the Services. Vendor shall limit such access to those of its employees, agents or contractors with a bona fide need to have such access and who have agreed to maintain the confidentiality of Purchaser's Confidential Information.

## **ARTICLE II Responsibility for Wages and Fees**

### **Section 2.01 Responsibility for Wages and Fees.**

For such time as any employees of Vendor or any of its Affiliates are providing the Services to Purchaser under this Agreement, (a) such employees will remain employees of Vendor or such Affiliate, as applicable, and shall not be deemed to be employees of Purchaser for any purpose, and (b) Vendor or such Affiliate, as applicable, shall be solely responsible for the payment and provision of all wages, bonuses and commissions, employee benefits, including severance and worker's compensation, and the withholding and payment of applicable Taxes relating to such employment, and for the payment of all requisite out-of-pocket expenses.

### **Section 2.02 Terminated Services.**

Upon termination or expiry of any or all Services under this Agreement or the termination of this Agreement in its entirety, Vendor shall have no further obligation to provide the applicable terminated Services and Purchaser will have no obligation to pay any compensation relating to such Services.

## **ARTICLE III Termination**

### **Section 3.01 Termination of Agreement.**

Subject to Section 3.04, this Agreement shall terminate in its entirety (a) on the date upon which Vendor shall have no continuing obligation to perform any Services as a result of each of their expiration or termination in accordance with Section 1.01(d) or Section 3.02, or (b) in accordance with Section 3.03.

### **Section 3.02 Breach.**

Any party (the "**Non-Breaching Party**") may terminate this Agreement with respect to any Service, in whole but not in part, at any time upon prior written notice to the other party (the "**Breaching Party**") if the Breaching Party has failed (other than under Section 3.05)

to perform any of its material obligations under this Agreement relating to such Service, and such failure shall have continued without cure for a period of 15days after receipt by the Breaching Party of a written notice of such failure from the Non-Breaching Party seeking to terminate such service. For the avoidance of doubt, non-payment by Purchaser for a Service provided by Vendor in accordance with this Agreement and not the subject of a good-faith dispute shall be deemed a breach for purposes of this Section 3.02.

### **Section 3.03 Insolvency.**

If either party hereto shall (a) make an assignment in bankruptcy, (b) become or be declared insolvent, or become the subject of any proceedings (not dismissed within 60 days) related to its liquidation, bankruptcy, insolvency or the appointment of a receiver, receiver-manager, interim receiver, trustee in bankruptcy or monitor (c) make an assignment on behalf of all or substantially all of its creditors, or (d) take any corporate action for its liquidation, winding up or dissolution, then the other party shall have the right to terminate this Agreement by providing written notice.

### **Section 3.04 Effect of Termination.**

Upon termination of this Agreement in its entirety under Section Section 3.01, all obligations of the parties hereto shall terminate, except for the provisions of Section Section 2.02, Section 2.03, ARTICLE IV, and ARTICLE V, which shall survive any termination or expiry of this Agreement.

## **ARTICLE IV Confidentiality**

### **Section 4.01 Confidentiality.**

- (a) During the term of this Agreement and thereafter, the parties hereto shall, and shall instruct their respective Representatives to, maintain in confidence and not disclose the other party's financial, technical, sales, marketing, development, personnel and other information, records or data, including, without limitation, customer lists, supplier lists, trade secrets, designs, product formulations, product specifications, source code, or any other proprietary or confidential information, however recorded or preserved, whether written or oral (any such information, "**Confidential Information**"). Failure to mark any of the Confidential Information as confidential, protected or Confidential Information will not affect its status as part of the Confidential Information under the terms of this Agreement. Each party hereto shall use the same degree of care, but no less than reasonable care, to protect the other party's Confidential Information as it uses to protect its own Confidential Information of like nature. Unless otherwise authorized in any other agreement between the parties, any party receiving any Confidential Information of the other party (the "**Receiving Party**") may use Confidential Information only for the purposes of fulfilling its obligations under this Agreement (the "**Permitted Purpose**"). Any Receiving Party may disclose such Confidential Information only to its Representatives who have a need to know such information for the Permitted Purpose and who have been advised of the terms of this Section Section 4.01 and the Receiving Party

shall be liable for any breach of these confidentiality provisions by such Persons; except that any Receiving Party may disclose such Confidential Information to the extent such Confidential Information is required to be disclosed by a Governmental Order, in which case the Receiving Party shall promptly notify, to the extent possible, the disclosing party (the "**Disclosing Party**"), and take reasonable steps to assist in contesting such Governmental Order or in protecting the Disclosing Party's rights before disclosure, and in which case the Receiving Party shall only disclose such Confidential Information that it is advised by its counsel in writing it is legally bound to disclose under such Governmental Order.

- (b) Notwithstanding the foregoing, "**Confidential Information**" shall not include any information that the Receiving Party can demonstrate: (i) was publicly known at the time of disclosure to it or has become publicly known through no act of the Receiving Party or its Representatives in breach of this Section 4.01; (ii) was rightfully received from a third party without a duty of confidentiality; or (iii) was developed by it independently without any reliance on the Confidential Information.
- (c) Each party covenants and agrees that all right, title and interest in any Confidential Information will be and remain the exclusive property of its respective owner. Upon demand by the Disclosing Party at any time or the expiry or termination of this Agreement with respect to any Service, the Receiving Party agrees promptly to return or destroy, at the Disclosing Party's option, all Confidential Information. If such Confidential Information is destroyed, an authorized officer of the Receiving Party shall certify to such destruction in writing.

#### **Section 4.02 Privacy**

Without limiting any other provision of this Agreement, each party agrees in respect of any information about an identifiable individual ("**Personal Information**") possessed by it in connection with this Agreement, to:

- (a) process the Personal Information in a manner that complies with applicable law; and
- (b) provide reasonable cooperation to the other party to resolve any complaint alleging a breach of privacy legislation or by a Third-Party seeking access to Personal Information in accordance with applicable Law.

### **ARTICLE V Miscellaneous**

#### **Section 5.01 Notices.**

All Invoices, notices, requests, consents, claims, demands, waivers and other communications hereunder (each, a "**Notice**") shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during

normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such Notice must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 5.01):

If to Vendor:

**FOOi Inc.**  
8 Sampson Mews, Unit 202  
North York, ON M3C 0H5  
Email: *[Intentionally removed]*  
Attention: *[Intentionally removed]*

If to Purchaser:

**Xigem Technologies Corporation**  
22 Adelaide Street West  
Bay Adelaide Centre,  
East Tower, Suite 3600  
Toronto, ON M5H 4E3  
Email: *[Intentionally removed]*  
Attention: *[Intentionally removed]*

with a copy to:

**Garfinkle Biderman LLP**  
Suite 801, 1 Adelaide Street East  
Toronto, ON M5C 2V9  
Email: *[Intentionally removed]*  
Attention: *[Intentionally removed]*

### **Section 5.02 Headings.**

The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

### **Section 5.03 Severability.**

If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

### **Section 5.04 Entire Agreement.**

This Agreement, including the Service Exhibit attached thereto, constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and supersedes all prior and contemporaneous understandings and agreements, both written and



oral, with respect to such subject matter. If and to the extent that there is a conflict between the provisions of this Agreement (excluding the Service Exhibit) and the provisions of the Service Exhibits, the provisions of this Agreement (excluding the Service Exhibit) shall control (unless the Service Exhibit states an express intention to take priority over this Agreement (excluding the Schedules). If and to the extent that there is a conflict between the provisions of this Agreement (including the Schedules) and the provisions of the Purchase Agreement as it relates to the Services hereunder, the provisions of this Agreement (including the Schedules) shall control.

#### **Section 5.05 Successors and Assigns.**

This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. Purchaser may, however, without the prior written consent of Vendor, assign all or any portion of its right to receive Services to any of its Affiliates that participate in the operation of the business of the Purchaser; except that such Affiliate shall receive such Services from Vendor in the same place and manner as described in the respective Service Exhibit as Purchaser would have received such Service. No assignment shall relieve the assigning party of any of its obligations hereunder.

#### **Section 5.06 No Third-Party Beneficiaries.**

This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Agreement.

#### **Section 5.07 Relationship between the Parties.**

The parties agree that Vendor (and any person employed by Vendor) is performing the Services as an independent contractor and is neither an employee nor an agent of or on behalf of Purchaser.

#### **Section 5.08 Amendment and Modification; Waiver.**

This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

#### **Section 5.09 Governing Law; Forum Selection.**

This Agreement shall be governed by and construed in accordance with the laws of the province of Ontario and the federal laws of Canada applicable therein. Any legal action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby may be

instituted in the courts of the province of Ontario, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such action or proceeding. The parties irrevocably and unconditionally waive any objection to the laying of venue of any action or any proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

**Section 5.10 Counterparts.**

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

*[Signature page follows.]*

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**FOOI INC.**

By \_\_\_\_\_

Name: *[Intentionally removed]*

Title: *[Intentionally removed]*

*I have authority to bind the corporation.*

**XIGEM TECHNOLOGIES CORPORATION**

By \_\_\_\_\_

Name: *[Intentionally removed]*

Title: *[Intentionally removed]*

*I have authority to bind the corporation.*

**EXHIBIT "A"**

**SERVICES**

<b>Description of Service:</b>	<ol style="list-style-type: none"><li>1. Support and maintain the Vendor business;</li><li>2. Train the Purchaser staff on all technical and operational details of the business; and</li><li>3. Train the Purchaser staff in all matters relating the development and maintenance of the Vendor's proprietary software applications and source-code.</li></ol>
<b>End Date:</b>	30 days following the completion of the transactions contemplated by the Purchase Agreement
<b>Fee:</b>	Nil.
<b>Vendor Contact:</b>	<b>FOOi Inc.</b> 8 Sampson Mews, Unit 202 North York, ON M3C 0H5 Email: <i>[Intentionally removed]</i> Attention: <i>[Intentionally removed]</i>
<b>Purchaser Contact:</b>	<b>Xigem Technologies Corporation</b> 22 Adelaide Street West Bay Adelaide Centre, East Tower, Suite 3600 Toronto, ON M5H 4E3 Email: <i>[Intentionally removed]</i> Attention: <i>[Intentionally removed]</i>

**EXHIBIT C**

**Subscription Agreement**

(See attached)

**SUBSCRIPTION AGREEMENT FOR PROMISSORY NOTE  
(For Canadian and Non-U.S. Subscribers)**

**2455350 ONTARIO INC. O/A BARON AUTO GROUP**

**HAVE YOU COMPLETED THIS SUBSCRIPTION AGREEMENT PROPERLY?**

**The following items in this Subscription Agreement must be completed. (Please initial each applicable box.)**

**All Subscribers**

Complete all Subscriber information in the boxes on page 2 and Schedule A.

**Subscribers resident in Canada purchasing under the “accredited investor” exemption**

If you are purchasing as an individual relying on category (j), (j.1), (k) or (l) of the Accredited Investor Certificate, please also complete Form 45-106F9 – *Form for Individual Accredited Investors* attached as Schedule B hereto.

**A completed and executed copy of this Subscription Agreement, including all applicable schedules, must be delivered to:**

[•]

**BARON AUTO GROUP  
SUBSCRIPTION AGREEMENT**

TO: **2455350 ONTARIO INC. O/A BARON AUTO GROUP** (the “Corporation”)

The undersigned (the “Subscriber”) hereby irrevocably subscribes for and agrees to purchase from the Corporation a promissory note of the Corporation (the “Promissory Note”) having an aggregate principal amount set forth below, for the purchase price set forth below, upon and subject to the terms and conditions set forth in the attached “Terms and Conditions of Subscription for Promissory Note” (the “Terms and Conditions”, and together with this page and the attached schedules, the “Subscription Agreement”).

<p><b>Purchase Price:</b> \$[●] _____ (the “Subscription Amount”)</p> <p><b>Aggregate Principal Amount:</b> #[●] _____</p>
<p><b><u>Subscriber Information:</u></b></p> <p>_____ (Name of Subscriber)</p> <p>Account Reference (if applicable): _____</p> <p>By: _____ Authorized Signature</p> <p>_____ (Official Capacity or Title – if the Subscriber is not an individual)</p> <p>_____ (Name of individual whose signature appears above if different than the name of the Subscriber printed above.)</p> <p>_____ (Subscriber’s Address, including Municipality and Province)</p> <p>_____ (Telephone Number) (Email Address)</p>

<p><b><u>Account Registration Information:</u></b> Same as Subscriber Information <input type="checkbox"/> or _____ (Name)</p> <p>_____ (Account Reference, if applicable)</p> <p>_____ (Address, including Postal Code) (Telephone Number)</p> <p><b><u>Additional Subscriber Information:</u></b></p> <p>1. Number and kind of securities of the Issuer held, directly or indirectly, if any: _____ _____</p> <p>2. State whether Subscriber is an Insider of the Issuer: Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p><b>If the Subscriber is signing as agent for a principal and is not deemed to be purchasing as principal pursuant to NI 45-106 (as defined herein) by virtue of being either: (i) a trust company or trust corporation acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be; or (ii) a person acting on behalf of a fully managed account managed by it, and in each case satisfying the criteria set forth in NI 45-106, complete the following and ensure that Schedule B, if applicable, is completed in respect of such principal:</b></p> <p>_____ Name of Principal</p> <p>_____ Principal's Address</p> <p>_____ City/Town Province Postal Code</p> <p>_____ Principal's Telephone Number -OR- E-mail Address</p>
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**ACCEPTANCE:** The Corporation hereby accepts the subscription as set forth above on the terms and conditions contained in this Subscription this \_\_\_\_\_ day of \_\_\_\_\_, 202[●].

**2455350 ONTARIO INC. O/A BARON AUTO GROUP**

Per: \_\_\_\_\_  
*Authorized Signatory*



## TERMS AND CONDITIONS OF SUBSCRIPTION FOR PROMISSORY NOTE

1. **Subscription for Promissory Note.** The Subscriber hereby confirms its subscription for and offer to purchase the Promissory Note, on and subject to the terms and conditions set out in this Subscription Agreement, for the Subscription Amount, which is payable as described in Sections 4 and 5 hereto (the offer, issue and sale of the Promissory Note, the “**Offering**”).

The description of the Promissory Note in this Subscription Agreement is a summary only and is subject to the detailed provisions of the certificates representing the Promissory Note.

2. **Subordinate Security.** The Promissory Note will be second ranking secured debt which will have second ranking over all assets and undertaking both present and future of the Corporation, ranking only second in seniority to the Corporation’s current senior secured lender, pursuant to a General Security Agreement in the form attached hereto as Schedule C. If there are multiple Closing Dates, then the Promissory Notes will nonetheless be secured by one general security agreement.

3. **Definitions.** In this Subscription Agreement, unless the context otherwise requires:

- (a) “**Accredited Investor Certificate**” means the Accredited Investor Certificate in the form attached hereto as Schedule A which is required to be completed by a Subscriber who is a resident of a province or territory of Canada and is purchasing securities as an “accredited investor” pursuant to NI 45-106 or section 73.3 of the *Securities Act* (Ontario), as applicable;
- (b) “**affiliate**” means with respect to another issuer, an issuer if one of them is the subsidiary of the other, or each of them is controlled by the same person;
- (c) “**Business Day**” means any day other than a Saturday, Sunday or any other day on which principal chartered banks located in the City of Toronto are not open for business;
- (d) “**Closing**” means the completion of the issue and sale by the Corporation and the purchase by the Subscribers of the Promissory Note pursuant to the subscription agreements, in the form of this Subscription Agreement, completed by Subscribers;
- (e) “**Closing Date**” has the meaning ascribed thereto in Section 8;
- (f) “**Closing Time**” means 1:00 p.m. (Toronto time) on the Closing Date or such other time as the Corporation may determine;
- (g) “**Designated Provinces**” means each of the provinces of Canada;
- (h) “**Disclosed Principal**” mean a principal for whom the Subscriber is purchasing as disclosed on the face page of this Subscription Agreement;
- (i) “**distribution**” and “**insider**” have the respective meanings ascribed to them in the *Securities Act* (Ontario);
- (j) “**International Jurisdiction**” has the meaning ascribed thereto in Section 9(e).
- (k) “**material**” means material in relation to the Corporation and its subsidiaries, considered on a consolidated basis;
- (l) “**NI 45-106**” means National Instrument 45-106 - *Prospectus Exemptions*;

- (m) “**person**” includes an individual, a corporation, a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not and an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;
- (n) “**Repayment Date**” means two (2) years following the Closing Date, and provided that, if there are multiple Closing Dates, then two (2) years following the applicable Closing Date;
- (o) “**Securities Commissions**” means, collectively, the applicable securities commission or other securities regulatory authority in each of the Designated Provinces, the United States or in any International Jurisdiction;
- (p) “**Securities Laws**” means, collectively, the applicable securities laws of the relevant jurisdictions, the regulations, rules, rulings and orders made thereunder, the applicable policy statements issued by the securities regulators thereunder, the securities legislation and policies of each other relevant jurisdiction and the rules of the relevant stock exchange, in each case in effect from time to time;
- (q) “**Subscriber**” means a subscriber for the Promissory Note and “**Subscribers**” means all subscribers for the Promissory Note including the Subscriber;
- (r) “**Subscription Amount**” means the aggregate subscription amount for Promissory Note as more particularly set forth on the face page hereof, subscribed for and paid for pursuant to this Subscription Agreement;
- (s) “**United States**” or “**U.S.**” means the United States of America, its territories and possessions, and any state of the United States and the District of Columbia;
- (t) “**U.S. Person**” shall have the meaning ascribed to such term in Rule 902(k) of Regulation S under the U.S. Securities Act; and
- (u) “**U.S. Securities Act**” means the *United States Securities Act of 1933*, as amended.

4. **Description of Offering.**

- (a) The Promissory Note shall evidence indebtedness of the Corporation to the holder thereof in the principal amount stated on the Promissory Note certificate and such principal amount shall be equal to the “**Principal Amount**” stated on the face page hereof (the “**Principal Amount**”).
- (b) Interest shall accrue on the Principal Amount at a rate of 8% per annum (“**Interest**”) in Canadian dollars, with interest payable monthly, until the Principal Amount is paid in full on the Repayment Date.
- (c) The Corporation may pre-pay any amount of the Principal Amount of the Promissory Note at any time without penalty, provided that the Corporation provides at least 30 days prior written notice to the Promissory Note holder in accordance with the provisions of the certificates representing the Promissory Note.
- (d) The description of the Promissory Note in this Subscription Agreement is a summary only and is subject to the detailed provisions of the certificates representing the Promissory Note pursuant to which such Promissory Note is to be issued.

5. **Delivery and Payment.** The Subscriber agrees that the following shall be delivered to [●] at [●], Attention: [●], Fax No: [●], E-mail: [●] not later than 4:00 p.m. (Toronto Time) on the day that is

not less than two business days prior to the Closing Date or such other date or place as the Corporation may advise:

- (a) a completed and duly signed copy of this Subscription Agreement;
- (b) a duly completed form regarding the particulars of the Subscriber attached hereto as Schedule A;
- (c) if you are subscribing as an “accredited investor” and are an individual, you must complete and sign Schedule B “Form 45-106F9 – *Risk Acknowledgement Form*”;
- (d) any other documents required by applicable Securities Laws which the Corporation may request; and
- (e) the aggregate Subscription Amount payable by the Subscriber for the Subscriber’s Promissory Note subscribed for under this Subscription Agreement, paid by a certified cheque or bank draft drawn on a Canadian chartered bank made payable to “[●]”, or by wire transfer to [●] pursuant to the wiring instructions set out on the cover page.

The Subscriber acknowledges and agrees that such documents, when executed and delivered by the Subscriber, will form part of and will be incorporated into this Subscription Agreement with the same effect as if each constituted a representation and warranty or covenant of the Subscriber hereunder in favour of the Corporation. The Subscriber consents to the filing of such documents as may be required to be filed with any securities regulatory authority in connection with the transactions contemplated hereby.

6. **Closing.** The transactions contemplated hereby will be completed at the Closing at the offices of [●], [●] at the Closing Time.

If, at the Closing Time, the terms and conditions contained in this Subscription Agreement have been complied with to the satisfaction of the Corporation, or waived by the Corporation, the Corporation, upon receipt of all completed and executed Subscription Agreements in respect of the Offering and the aggregate subscription proceeds in respect of the Offering, will deliver or cause to be delivered to the Subscriber certificates evidencing ownership of the Promissory Note so purchased, and such other documentation and securities as may be required pursuant to this Subscription Agreement.

If, prior to the Closing Time, the terms and conditions contained in this Subscription Agreement (other than delivery by the Corporation to the Subscriber of the Promissory Note, have not been complied with to the satisfaction of the Corporation, or waived by it, the Corporation and the Subscriber will have no further obligations under this Subscription Agreement.

7. **Representations, Warranties and Covenants of the Corporation.** The Corporation represents and warrants to, and covenants with the Subscriber that, except as set out expressly in any specific subsection below, as of the date of this Subscription Agreement;

- (a) the Corporation is a valid and subsisting corporation duly organized and in good standing under the federal laws of Canada;
- (b) the Corporation has full power and authority to enter into and perform this Subscription Agreement and to do all other acts which are necessary to consummate the transactions contemplated in the Subscription Agreement;

- (c) no order ceasing or suspending trading in the securities of the Corporation nor prohibiting sale of such securities has been issued to the Corporation or its directors, officers or promoters and, to the knowledge of the Corporation, no investigations or proceedings for such purposes are pending or threatened;
  - (d) the Corporation has complied and will fully comply with the requirements of applicable securities and corporate legislation in respect of the Offering;
  - (e) the issuance and sale of the Promissory Note does not and will not conflict with and does not and will not result in a breach of any of the terms, conditions, or provisions of the constating documents of the Corporation or any agreement or instrument to which the Corporation is a party or by which its assets are affected; and
  - (f) this Subscription Agreement has been or will be at the Closing, duly authorized by all necessary corporate action on the part of the Corporation, and constitutes a valid obligation of the Corporation legally binding upon it and enforceable against the Corporation in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting the enforcement of creditors' rights generally and as limited by laws relating to the availability of equitable remedies.
8. **Conditions and Closing.** The Closing shall occur on such date as may be determined by the Corporation (the “**Closing Date**”).

The Closing (including the closing of this Subscription) is conditional upon and subject to:

- (a) payment by the Subscriber (in form acceptable to the Corporation) of the Subscription Amount in immediately available funds;
  - (b) the Subscriber having properly completed, signed and delivered to the Corporation this Subscription Agreement, including any applicable Schedules, and all other documentation contemplated by this Subscription Agreement; and
  - (c) the Corporation accepting the Subscriber's subscription, in whole or in part.
9. **Acceptance or Rejection.** The Corporation will have the right to accept or reject this subscription at any time at or prior to the Closing Time. The Corporation will be deemed to have accepted this subscription upon the Corporation's execution of the acceptance form at the beginning of this Subscription Agreement and the delivery at the Closing of the certificate or evidence of electronic delivery representing the Subscriber's Promissory Note in accordance with the provisions hereof.
10. **Subscriber's Representations, Warranties & Acknowledgments.** The Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) represents, warrants, covenants and acknowledges to the Corporation (and acknowledges that the Corporation and its counsel are relying thereon), both at the date hereof and at the Closing Time:
- (a) The Subscriber (including, if applicable, each Disclosed Principal) was offered the Promissory Note in, and is resident, or if not an individual has its head office in, the jurisdiction set out on the face page of this Subscription Agreement, and intends the applicable Securities Laws of that jurisdiction to govern the offer, sale and issuance of the Promissory Note to the Subscriber. Such address was not created and is not used solely for the purpose of acquiring the Promissory Note and the Subscriber was solicited to purchase in such jurisdiction.

- (b) If the Subscriber (including, if applicable, each Disclosed Principal) is resident in or otherwise subject to the laws of any province of Canada and is purchasing the Promissory Note as an “accredited investor” (as defined in NI 45-106 and section 73.3 of the *Securities Act* (Ontario)), it has duly completed, executed and delivered to the Corporation a copy of the Accredited Investor Certificate in the form included in Schedule A, and if the Subscriber is an individual and is relying on category (j), (j.1), (k) or (l) of the Accredited Investor Certificate, the Subscriber has delivered with this Subscription Agreement a duly completed and executed copy of each of Form 45-106F9 – *Risk Acknowledgement Form for Individual Accredited Investors* attached as Schedule B hereto, and the information contained therein is true and correct as of the date hereof and as of the Closing Date, and if less than a complete copy of this Subscription Agreement is delivered to the Corporation, the Corporation and its advisors are entitled to assume that the Subscriber accepts and agrees to all the terms and conditions of the pages not delivered, unaltered.
- (c) The Subscriber (including, if applicable, each Disclosed Principal) is not a U.S. Person and is not subscribing for the Promissory Note for the account of a U.S. Person or for resale in the United States. The Subscriber confirms that the Promissory Note has not been offered to the Subscriber in the United States and that this Subscription Agreement has not been signed in the United States.
- (d) The Subscriber (including, if applicable, each Disclosed Principal) will not offer, sell or otherwise dispose of the Promissory Note, the Promissory Note in the United States or to a U.S. Person unless such offer, sale or disposition is made in accordance with an exemption from the registration requirements under the U.S. Securities Act and the Securities Laws of all applicable states of the United States or the U.S. Securities and Exchange Commission has declared effective a registration statement in respect of such securities.
- (e) If the Subscriber (including, if applicable, each Disclosed Principal) is a resident of a jurisdiction other than Canada or the United States (an “**International Jurisdiction**”) then in addition to the other representations and warranties contained herein, the Subscriber represents and warrants that:
  - (i) the Subscriber is not resident in Canada or subject to applicable Securities Laws;
  - (ii) the Subscriber is knowledgeable of, or has been independently advised as to, the applicable Securities Laws which would apply to this Subscription Agreement, if any;
  - (iii) the Subscriber is purchasing the Promissory Note pursuant to exemptions from any prospectus, registration or similar requirements under the applicable Securities Laws or, if such Securities Laws are not applicable, the Subscriber is permitted to purchase the Promissory Note under the applicable Securities Laws without the need to rely on an exemption;
  - (iv) the delivery of this Subscription Agreement, the acceptance of it by the Corporation and the issuance of the Promissory Note to the Subscriber complies with, and the issuance of the Promissory Note will comply with, all applicable laws of the International Jurisdiction and all other applicable laws;
  - (v) the Subscriber will not sell, transfer or dispose of the Promissory Note except in accordance with all applicable laws, including applicable Securities Laws, and the

Subscriber acknowledges that the Corporation shall have no obligation to register any such purported sale, transfer or disposition which violates applicable Securities Laws;

- (vi) the Subscriber will provide such evidence of compliance with all such matters as the Corporation or its counsel may request;
  - (vii) if the Subscriber is an “accredited investor”, as such term is defined in NI 45-106, the Subscriber will, if requested by the Corporation, execute and provide the documents listed in Section 9(b), and the Subscriber will, if requested by the Corporation, deliver to the Corporation a certificate or opinion of local counsel from the International Jurisdiction which will confirm the matters referred to in subsections (i) through (vii) above to the satisfaction of the Corporation, acting reasonably.
- (f) The execution and delivery of this Subscription Agreement, the performance and compliance with the terms hereof, the subscription for the Promissory Note and the completion of the transactions described herein by the Subscriber will not result in any material breach of, or be in conflict with, or constitute a material default under, or create a state of facts that, after notice or lapse of time, or both, would constitute a material default under any term or provision of the constating documents, by-laws or resolutions of the Subscriber (if applicable), the Securities Laws or any other laws applicable to the Subscriber, any agreement to which the Subscriber is a party, or any judgment, decree, order, statute, rule or regulation applicable to the Subscriber.
- (g) The Subscriber is subscribing for the Promissory Note as principal for its own account and not for the benefit of any other person (within the meaning of applicable Securities Laws) or it is subscribing as agent for a Disclosed Principal, as disclosed on the face page of this Subscription Agreement, and acknowledges that the Corporation may be required by law to collect, use and disclose the personal information of the Subscriber (including, if applicable, any Disclosed Principal) and consents (including, if applicable, on behalf of any Disclosed Principal) to such collection, use and disclosure to certain regulatory authorities (including stock exchanges).
- (h) In the case of a subscription for the Promissory Note by the Subscriber acting as trustee or agent for a fully managed account or as agent for a Disclosed Principal, the Subscriber is duly authorized to execute and deliver this Subscription Agreement and all other necessary documentation in connection with such subscription on behalf of the fully managed account or Disclosed Principal, as applicable, and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of and constitutes a legal, valid and binding agreement of, the fully managed account or Disclosed Principal, as applicable.
- (i) In the case of a subscription for the Promissory Note by the Subscriber acting as principal, this Subscription Agreement has been duly authorized, executed and delivered by, and constitutes a legal, valid and binding agreement of, the Subscriber. This Subscription Agreement is enforceable in accordance with its terms against the Subscriber.
- (j) If the Subscriber is:
- (i) a corporation, the Subscriber is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to execute and deliver this Subscription Agreement, to

subscribe for the Promissory Note as contemplated herein and to carry out and perform its obligations under the terms of this Subscription Agreement;

- (ii) a partnership, syndicate or other form of unincorporated organization, the Subscriber has the necessary legal capacity and authority to execute and deliver this Subscription Agreement and to observe and perform its covenants and obligations hereunder and has obtained all necessary approvals in respect thereof; or
  - (iii) an individual, the Subscriber is of the full age of majority in the jurisdiction in which the Subscription agreement is executed and is legally competent to execute this Subscription Agreement and to observe and perform his or her covenants and obligations hereunder.
- (k) There is no person acting or purporting to act in connection with the Offering who is entitled to any brokerage or finder's fee. If any person establishes a claim that any fee or other compensation is payable in connection with this subscription for the Promissory Note, the Subscriber covenants to indemnify and hold harmless the Corporation with respect thereto and with respect to all costs reasonably incurred in the defence thereof.
- (l) If required by applicable Securities Laws or the Corporation, the Subscriber will execute, deliver and file, or assist the Corporation in filing, such reports, undertakings and other documents with respect to the issue and/or sale of the Promissory Note as may be required by any Securities Commission, stock exchange or other regulatory authority.
- (m) The Subscriber (including, if applicable, each Disclosed Principal) has been advised to consult its own legal advisors with respect to trading in the Promissory, and with respect to the resale restrictions imposed by the Securities Laws of the jurisdiction in which the Subscriber resides and other applicable Securities Laws, and acknowledges that no representation has been made respecting the applicable hold periods imposed by the Securities Laws or other resale restrictions applicable to such securities which restrict the ability of the Subscriber (or others for whom it is contracting hereunder) to resell such securities, that the Subscriber (including, if applicable, each Disclosed Principal) is solely responsible to find out what these restrictions are and the Subscriber is solely responsible (and the Corporation is not in any way responsible) for compliance with applicable resale restrictions and the Subscriber is aware that it (and, if applicable, each Disclosed Principal) may not be able to resell such Promissory Note except in accordance with limited exemptions under the Securities Laws and other applicable laws. The Subscriber also acknowledges the legend restriction notation applicable to the resale of the Promissory Note as set out below.
- (n) The Subscriber (including, if applicable, each Disclosed Principal) has not received or been provided with any sales or advertising literature in connection with the Offering or any document purporting to describe the business and affairs of the Corporation which has been prepared for review by prospective purchasers to assist in making an investment decision in respect of the Promissory Note, and the Subscriber's decision to subscribe for the Promissory Note was not based upon, and the Subscriber has not relied upon, any verbal or written representations as to facts made by or on behalf of the Corporation. The Subscriber's decision to subscribe for the Promissory Note was based solely upon this Subscription Agreement, and information about the Corporation which is publicly available.

- (o) No person has made any written or oral representations:
    - (i) that any person will resell or repurchase the Promissory Note,
    - (ii) that any person will refund the Subscription Amount; or
    - (iii) as to the future price or value of the Promissory.
  - (p) The subscription for the Promissory Note has not been made through or as a result of, and the distribution of the Promissory Note is not being accompanied by any general solicitation or advertisement, including without limitation in printed public media, radio, television or telecommunications, including electronic display, or as part of a general solicitation.
  - (q) There are risks associated with the purchase of and investment in the Promissory Note and the Subscriber has such knowledge and experience that it is capable of evaluating the merits and risks of an investment in the Promissory Note and fully understands the restrictions on resale of the Promissory Note and is capable of bearing the economic risk of the investment.
  - (r) The funds representing the Subscription Amount that will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the “PCMLTFA”) and the Subscriber acknowledges that the Corporation or its advisors may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLTFA. To the best of the Subscriber’s knowledge (a) none of the Subscription Amount to be provided by the Subscriber (i) has been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States, or any other jurisdiction, or (ii) is being tendered on behalf of a person or entity who has not been identified to the Subscriber, and (b) the Subscriber shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith. None of the funds the Subscriber is using to purchase the Promissory Note are, to the knowledge of the Subscriber, proceeds obtained or derived, directly or indirectly, as a result of illegal activities.
  - (s) The Subscriber has not received from the Corporation any financial assistance of any kind, directly or indirectly, in connection with its purchase of the Promissory Note hereunder.
11. **Acknowledgements and Covenants of the Subscriber.** The Subscriber, on its own behalf and, if applicable on behalf of others for whom it is acting hereunder, hereby acknowledges, covenants and agrees as follows:
- (t) No Securities Commission, agency, governmental authority, regulatory body, stock exchange or other regulatory body or similar regulatory authority has reviewed or passed on the merits of the Promissory Note.
  - (u) The Subscriber acknowledges that the Promissory Note have not been, and will not be, registered under the U.S. Securities Act and may not be offered or sold in the United States or to a U.S. Person unless the Promissory Note are registered under the U.S. Securities Act and all applicable state Securities Laws or an exemption from such registration



requirements is available, and further agrees that hedging transactions involving such Promissory Notes may not be conducted unless in compliance with the U.S. Securities Act.

- (v) The ability to transfer the Promissory Note is limited by, among other things, applicable Securities Laws and the Corporation shall refuse, and shall instruct its transfer agent to refuse to register any transfer that does not comply with the Securities Laws. It is the responsibility of the Subscriber to find out what the transfer restrictions are and to comply with them before selling their securities.
- (w) None of the Corporation or any of its officers, directors, employees, shareholders, representatives, affiliates, related entities and associates, or any persons acting on its or their behalf, will in any circumstances be liable to the Subscriber under, arising out of, or in any way connected with this Subscription Agreement for any indirect or consequential loss or damage whether arising in contract or tort, and that legal counsel to the Corporation is not acting for the Subscriber, and the Subscriber should obtain its own independent legal advice in connection with the transactions contemplated hereby.
- (x) the Subscriber consents to the placement of a legend or legends on any certificate or other document evidencing the Promissory Note setting forth or referring to the restrictions on transferability and sale thereof contained in this Agreement, with such legend(s) (not including legends required by United States securities laws for Subscribers resident in the United States) to be substantially as follows:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) [INSERT THE DISTRIBUTION DATE], AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.
- (y) the Issuer has advised the Subscriber that the Issuer is relying on an exemption from the requirements to provide the Subscriber with a prospectus and to sell the Securities through a person registered to sell securities under provincial securities legislation and other applicable securities laws, and, as a consequence of acquiring the Securities pursuant to such exemption, certain protections, rights and remedies provided by applicable securities legislation (including the various provincial securities acts), including statutory rights of rescission or damages, will not be available to the Subscriber;
- (z) The Subscriber is responsible for obtaining such legal and tax advice as it considers appropriate in connection with the execution, delivery and performance of this Subscription Agreement and the transactions contemplated under this Subscription Agreement, and the Subscriber is not relying on the Corporation or its affiliates or counsel, in this regard.
- (aa) There is no government guarantee or insurance covering the Promissory Note and the Promissory Note.
- (bb) There are risks associated with the purchase of the Promissory Note and the Subscriber may lose his, her or its entire investment.
- (cc) This Subscription Agreement and the Schedules hereto require the Subscriber to provide certain personal information to the Corporation. Such information is being collected by the Corporation for the purposes of completing the Offering, which includes, without

limitation, determining the Subscriber's eligibility to purchase the Promissory Note under the Securities Laws and other applicable laws, preparing and registering such securities to be issued to the Subscriber and completing filings required by any stock exchange, securities regulatory authority or taxation authority. The Subscriber's personal information may be disclosed by the Corporation and its advisors to: (a) stock exchanges or securities regulatory authorities, (b) the Corporation's registrar and transfer agent; (c) the Canada Revenue Agency, and (d) any of the other parties involved in the Offering, including legal counsel and may be included in record books in connection with the Offering. By executing this Subscription Agreement, the Subscriber is deemed to be consenting to the foregoing collection, use and disclosure of the Subscriber's personal information. The Subscriber also consents to the filing of copies or originals of this Subscription Agreement (including all Schedules) and any other document relating to the Offering as may be required to be filed with any stock exchange, securities regulatory authority or taxation authority in connection with the transactions contemplated hereby. The Subscriber represents and warrants that it has the authority to provide the consents and acknowledgements set out in this paragraph on behalf of each Disclosed Principal, as applicable.

- (dd) The Subscriber is not a "control person" of the Corporation, as that term is defined in the *Securities Act* (Ontario), will not become a "control person" of the Corporation by purchasing the Promissory Note under this Subscription Agreement, and does not intend to act jointly or in concert with any other person to form a control group in respect of the Corporation. The Subscriber has not and will not enter into any voting trust or similar agreement that has the effect of directing the manner in which the votes attached to the securities purchased pursuant to this Subscription Agreement may be voted following the Closing Date.
- (ee) The Subscriber will not resell the Promissory Note except in accordance with the provisions of applicable Securities Laws and stock exchange rules, if applicable, in the future.
- (ff) The Subscriber acknowledges that the Corporation may complete additional financings in the future in order to develop the proposed business of the Corporation and to fund its ongoing development; that there is no assurance that such financings will be available and, if available, on reasonable terms; any such future financings may have a dilutive effect on current securityholders, including the Subscriber; that if such future financings are not available, the Corporation may be unable to fund its ongoing development and the lack of capital resources may result in the failure of its business venture.
- (gg) The Subscriber acknowledges and agrees that, all costs incurred by the Subscriber (including any fees and disbursements of any special counsel retained by the Subscriber) relating to the sale of the Promissory Note to the Subscriber shall be borne by the Subscriber.
- (hh) The Subscriber acknowledges that all warranties, conditions, representations or stipulations, whether express or implied and whether arising hereunder or under prior agreement or statement or by statute or at common law, are expressly those of the Corporation. The Subscriber acknowledges that no information or representation concerning the Corporation has been provided to the Subscriber by the Corporation other than those contained in this Subscription Agreement, and that the Subscriber is relying entirely upon this Subscription Agreement for any representations or warranties in relation to the Corporation.

12. **Reliance on Representations, Warranties, Covenants and Acknowledgements.** The Subscriber acknowledges and agrees that the representations, warranties, covenants and acknowledgements made by the Subscriber in this Subscription Agreement are made with the intention that they may be relied upon by the Corporation and its counsel in determining the Subscriber's eligibility (and, if applicable, the eligibility of others for whom the Subscriber is contracting hereunder) to purchase the Promissory Note. The Subscriber undertakes to immediately notify the Corporation of any change in any statement or other information relating to the Subscriber set forth in this Subscription Agreement that takes place prior to the Closing time. The Subscriber further agrees that by accepting the Promissory Note, the Subscriber shall be representing and warranting that such representations, warranties, acknowledgements and covenants are true as at the Closing Time with the same force and effect as if they had been made by the Subscriber at the Closing Time.
13. **Survival of Representations, Warranties and Covenants of the Subscriber.** The representations, warranties and covenants of the Subscriber contained in this Subscription Agreement and any certificate or document delivered pursuant to or in connection with this Subscription Agreement shall survive the Closing and, notwithstanding such Closing or any investigation made by or on behalf of the Corporation with respect thereto, and notwithstanding any subsequent disposition by the Subscriber of the Promissory Note, and shall continue in full force and effect for the benefit of the Corporation for a period of two years following the Closing Date.
14. **General Authorization to Correct Minor Errors.** The Subscriber hereby authorizes the Corporation and its counsel to correct any minor errors in, or complete any minor information missing from any part of the Subscription Agreement and any other acknowledgements, provisions, forms, certificates or documents executed by the Subscriber and delivered to the Corporation in connection with the Offering.
15. **No Regulatory Endorsement.** The Subscriber is aware that no stock exchange or governmental agency, authority, regulatory body, Securities Commission or other entity has made any finding or determination as to the merit of investment in, nor has any such stock exchange or governmental agency, authority, regulatory body, Securities Commission, or other entity made any recommendation or endorsement with respect to the Promissory Note.
16. **Legal and Tax Advice.** The Subscriber acknowledges and agrees that it is solely responsible for obtaining such legal advice and tax advice as it considers appropriate in connection with the execution, delivery and performance by it of this Subscription Agreement and the completion of the transactions contemplated hereby.
17. **No Revocation.** The Subscriber, on its own behalf and, if applicable, on the behalf of others for whom it is contracting hereunder, agrees that this offer is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, without the consent of the Corporation.
18. **Indemnity.** The Subscriber agrees to indemnify and hold harmless the Corporation and its directors, officers, employees, agents, advisers and shareholders from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any claim, law suit, administrative proceeding or investigation whether commenced or threatened) arising out of or based upon any representation or warranty of the Subscriber contained herein or in any document furnished by the Subscriber to the Corporation in connection herewith being untrue in any material respect or any breach or failure by the Subscriber to comply with any covenant or agreement made by the Subscriber herein or in any document furnished by the

Subscriber to the Corporation in connection herewith. The Subscriber represents and warrants that it has the authority to provide the consents and acknowledgements set out in this paragraph on behalf of all beneficial purchasers.

19. **Assignment.** The terms and provisions of this Subscription Agreement shall be binding upon and enure to the benefit of the Subscriber, the Corporation and their respective successors and assigns; provided that, except for the assignment by a Subscriber who is acting as nominee or agent to the beneficial owner and as otherwise herein provided, this Subscription Agreement shall not be assignable by any party without the prior written consent of the other parties.
20. **Governing Law.** This Subscription Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Subscriber on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, hereby irrevocably attorns to the jurisdiction of the courts of the Province of Ontario with respect to any matters arising out of this Subscription Agreement.
21. **Facsimile Subscriptions and Counterparts.** The Corporation shall be entitled to rely on electronic delivery or delivery by facsimile machine of an executed copy of this Subscription Agreement, including the completed schedules hereto, and acceptance by the Corporation of such electronic or facsimile copy shall be legally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms hereof. This Subscription Agreement may be executed in any number of counterparts, each of which when delivered, either in original, electronic or facsimile form, shall be deemed to be an original and all of which together shall constitute one and the same document.
22. **Entire Agreement and Modification.** This Subscription Agreement (including the schedules hereto) contains the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein. Subject to the terms hereof, neither this Subscription Agreement nor any provision hereof shall be modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.
23. **Headings.** The division of this Subscription Agreement into Articles, Sections, Schedules and other subdivisions and the inclusion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Subscription Agreement. The headings in this Subscription Agreement are not intended to be full or precise descriptions of the text to which they refer. Unless something in the subject matter or context is inconsistent therewith, references herein to an Article, Section, Subsection, paragraph, clause or Schedule are to the applicable article, section, subsection, paragraph, clause or schedule of this Subscription Agreement.
24. **Time of Essence.** Time is of the essence of this Subscription Agreement.
25. **Effective Date.** This Subscription Agreement is intended to and shall take effect on the Closing Date, notwithstanding its actual date of execution or delivery by any of the parties.
26. **Currency.** Except if specifically stated otherwise, all dollar amounts herein are in Canadian dollars.
27. **Gender and Number.** Words importing the singular number only shall include the plural and vice versa, and words importing the masculine gender shall include the feminine gender and vice versa.
28. **Severability.** If any one or more of the provisions contained in this Subscription Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and

enforceability of such provision or provisions shall not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, unless in either case as a result of such determination this Subscription Agreement would fail of its essential purpose.

29. **Language.** The parties hereto acknowledge and confirm that they have requested that this Subscription Agreement as well as all notices and other documents contemplated hereby be drawn up in the English language.

**SCHEDULE A**

**INVESTOR QUESTIONNAIRE**

**(RESIDENTS OF CANADA AND OFFSHORE)**

TO: **2455350 ONTARIO INC. O/A BARON AUTO GROUP (the “Corporation”)**

RE: **Purchase of Promissory Note of the Corporation**

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Capitalized terms used in this Investor Questionnaire and not specifically defined have the meaning ascribed to them in the Subscription Agreement among the Subscriber and the Corporation to which this Schedule A is attached.

In connection with the purchase by the Subscriber (being the undersigned, or if the undersigned is purchasing the Promissory Note as agent on behalf of a disclosed beneficial Subscriber, such beneficial Subscriber, shall be referred herein as the “**Subscriber**”) of the Promissory Note, the Subscriber hereby represents, warrants and certifies to the Corporation that the Subscriber:

- (i) is purchasing the Promissory Note as principal (or deemed principal under the terms of National Instrument 45-106 - *Prospectus Exemptions* adopted by the Canadian Securities Administrators (“**NI 45-106**”));
- (ii) (A) is resident in or is subject to the laws of one of a province of Canada, please indicate \_\_\_\_\_ (INSERT NAME OF PROVINCE OF RESIDENCE):  
  
or  
  
(B)  is resident in a country other than Canada or the United States; and
- (iii) has not been provided with any offering memorandum in connection with the purchase of the Promissory Note.

\* \* \*

*[The rest of this page is intentionally left blank.]*

The Subscriber undertakes to immediately notify the Corporation of any change in any statement or other information relating to the Subscriber set forth in the Subscription Agreement or in this Questionnaire which takes place prior to the Closing.

**By completing this certificate, the Subscriber authorizes the indirect collection of this information by each applicable regulatory authority or regulator and acknowledges that such information is made available to the public under applicable legislation.**

DATED as of \_\_\_\_\_ day of \_\_\_\_\_, 202[●].

\_\_\_\_\_  
Print Name of Subscriber (or person signing as agent)

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

**SCHEDULE B**

**Form 45-106F9**

***RISK ACKNOWLEDGEMENT FORM OF INDIVIDUAL ACCREDITED INVESTORS***

<p><b>WARNING!</b>  <b>This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.</b></p>	
<p><b>SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER</b></p>	
<p><b>1. About your investment</b></p>	
Type of securities: <b>Promissory Note</b>	Issuer: <b>2455350 ONTARIO INC. O/A BARON AUTO GROUP</b> (the “Company”)
Purchased from: <b>Company</b>	
<p><b>SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER</b></p>	
<p><b>2. Risk acknowledgement</b></p>	
This investment is risky. Initial that you understand that:	<b>Your initials</b>
<b>Risk of loss</b> – You could lose your entire investment of \$ _____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	
<b>Liquidity risk</b> – You may not be able to sell your investment quickly – or at all.	
<b>Lack of information</b> – You may receive little or no information about your investment.	
<b>Lack of advice</b> – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to <a href="http://www.aretheyregistered.ca">www.aretheyregistered.ca</a> .	
<p><b>3. Accredited investor status</b></p>	
You must meet at least one of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.	<b>Your initials</b>
<ul style="list-style-type: none"> <li>Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)</li> </ul>	
<ul style="list-style-type: none"> <li>Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.</li> </ul>	
<ul style="list-style-type: none"> <li>Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.</li> </ul>	



<ul style="list-style-type: none"> <li>• Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)</li> </ul>	
<b>4. Your name and signature</b>	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and last name (please print):	
Signature:	Date:
<b>SECTION 5 TO BE COMPLETED BY THE SALESPERSON</b>	
<b>5. Salesperson information</b>	
<i>[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]</i>	
First and last name of salesperson (please print):	
Telephone:	Email:
Name of firm (if registered):	
<b>SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER</b>	
<b>6. For more information about this investment</b>	
<p>For investment in a non-investment fund</p> <p>2455350 ONTARIO INC. O/A BARON AUTO GROUP  27 Roytec Road  Unit 9B  Woodbridge, Ontario  L4L 8E3  Attention: [●]  Email: [●]</p> <p><b>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at <a href="http://www.securities-administrators.ca">www.securities-administrators.ca</a>.</b></p>	

**SCHEDULE C**  
**GENERAL SECURITY AGREEMENT**

(See attached)

## **GENERAL SECURITY AGREEMENT**

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**THIS AGREEMENT** dated

**BETWEEN:**

2455350 ONTARIO INC. dba Baron Auto Group, of [insert address]

(the "Borrower")

**AND:**

[insert name of Lender] , of [insert address],

("Lender")

### **1. SECURITY INTEREST**

1.1 For consideration the Borrower hereby:

- (a) mortgages and charges as a fixed and specific charge, and assigns and transfers to Lender, and grants to Lender a general and continuing security interest in all of the Borrower's present and after acquired personal property including, without limitation:
  - (i) all office, trade, manufacturing and all other equipment and all goods, including, without limitation, machinery, tools, fixtures, computers, furniture, furnishings, chattels, motor vehicles and other tangible personal property that is not Inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the above (all of which is collectively called the "Equipment");
  - (ii) all inventory, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, all livestock and their young after conception, all crops and timber, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is collectively called the "Inventory");
  - (iii) all debts, accounts, claims, demands, moneys and choses in action which now are, or which may at any time be, due or owing to or owned by the Borrower and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the debts, accounts, claims, demands, moneys and choses in action (all of which is collectively called the "Accounts");
  - (iv) all documents of title, chattel paper, instruments, securities and money, and all other personal property, of the Borrower that is not Equipment, Inventory or Accounts;
  - (v) all patents, trade-marks, copyrights, industrial designs, plant breeder's rights, integrated circuit topographies, trade-names, goodwill, confidential information, trade secrets and know-how, including without limitation, environmental technology and bio-technology, software and any registrations and applications for registration of the foregoing and all other intellectual and industrial property of the Borrower (all of which is collectively called the "Intellectual Property");

- (vi) all the Borrower's contractual rights, licenses and all other choses in action of every kind which now are, or which may at any time be due or owing to or owned by the Borrower, and all other intangible property of the Borrower, that is not Accounts, chattel paper, instruments, documents of title, Intellectual Property, securities or money;
- (vii) the personal property described in Schedule "A" attached to this Agreement and all additions thereto and replacements thereof; and
- (viii) all proceeds of every nature and kind arising from the personal property referred to in this Security Agreement;

(b) grants to Lender a general and continuing security interest and charges by way of a floating charge in all of the undertaking and assets of the Borrower, of every nature or kind and wherever situate, whether presently owned or hereafter acquired, and all their proceeds, other than its assets and undertakings that are otherwise validly and effectively subject to the charges and security interests in favour of Lender created pursuant to this Clause 1.1.

1.2 The security interests, mortgages, transfers, assignments, charges, grants and conveyances created pursuant to Clause 1.1 shall be collectively called the "Security Interests", and the property subject to the Security Interests and all property, assets and undertaking charged, assigned or transferred or secured by any instruments supplemental to or in implementation of this Security Agreement are collectively called the "Collateral".

1.3 The schedules, including definitions, form part of this Security Agreement.

## **2. EXCEPTIONS**

2.1 The last day of the term created by any lease or agreement is excepted out of any charge or the Security Interests but the Borrower shall stand possessed of the reversion and shall remain upon trust to assign and dispose of it to any third party as Lender shall direct.

2.2 All the Borrower's consumer goods are excepted out of the Security Interests.

## **3. ATTACHMENT**

The Borrower agrees that the Security Interests attach upon the signing of this Security Agreement (or in the case of after acquired property, upon the date of acquisition), that value has been given, and that the Borrower has (or in the case of after acquired property, will have upon the date of acquisition) rights in the Collateral and the Borrower confirms that there has been no agreement between the Borrower and Lender to postpone the time for attachment of the Security Interests and that it is the Borrower's understanding that Lender intends the Security Interests to attach at the same time.

## **4. PURCHASE MONEY SECURITY INTEREST**

The Borrower acknowledges and agrees that, subject to the Permitted Encumbrances, the Security Interests constitute and are intended to create Purchase Money Security Interests in Collateral to the extent that moneys advanced by Lender, including all future advances and re-advances, are used or are to be used, in whole or in part, to purchase or otherwise to acquire rights in Collateral.

## **5. OBLIGATIONS SECURED**

This Security Agreement is in addition to and not in substitution for any other security interest or charge now or in the future held by Lender from the Borrower or from any other person and shall be general and continuing security for the payment and performance of all indebtedness, liabilities and obligations of the Borrower to Lender (including interest thereon), whether incurred prior to, at the time of or after the signing of this Security Agreement including extensions and renewals, and all other liabilities of the Borrower to Lender,

present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wherever and however incurred, including all advances on current or running account, future advances and re-advances of any loans or credit by Lender and the Borrower's obligation and liability under any contract or guarantee now or in the future in existence whereby the Borrower guarantees payment of the debts, liabilities and/or obligations of a third party to Lender, and for the performance of all obligations of the Borrower to Lender, whether or not contained in this Security Agreement (all of which indebtedness, liabilities and obligations are collectively called the "Obligations").

## **6. REPRESENTATIONS AND WARRANTIES**

6.1 The Borrower represents and warrants to Lender that:

- (a) if a corporation, it is a corporation incorporated and organised and validly existing and in good standing under the laws of the jurisdiction of its incorporation; it has the corporate power to own or lease its property and to carry on the business conducted by it; it is qualified as a corporation to carry on the business conducted by it and to own or lease its property and is in good standing under the laws of each jurisdiction in which the nature of its business or the property owned or leased by it makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its corporate powers, have been authorised and do not contravene, violate or conflict with any law or the terms and provisions of its constating documents or its by-laws or any shareholders agreement or any other agreement, indenture or undertaking to which the Borrower is a party or by which it is bound;
- (b) if it is a corporation, its name as set forth on page 1 of this Security Agreement is its full, true and correct name as stated in its constating documents and if such name is in English, it does not have or use a French language form of its name or a combined English language and French language form of its name and vice versa, and the Borrower has provided a written memorandum to Lender accurately setting forth all prior names under which the Borrower has operated;
- (c) if it is a partnership, its name as set forth on page 1 is its full, true and correct, and where required or voluntarily registered its registered, name; it is a partnership validly created and organised and validly existing under the laws of the jurisdiction of its creation; it has the power to carry on the business conducted by it; it is qualified as a partnership to carry on the business conducted by it and is in good standing under the laws of each jurisdiction in which the nature of its business makes such qualification necessary; and the execution, delivery and performance of this Agreement are within its powers, have been authorised, and do not contravene, violate or conflict with any law or the terms of its partnership agreement or any other agreement, indenture or undertaking to which the Borrower is a party or by which it is bound, and a complete list of the names, addresses and (if individuals) the dates of birth of the partners of the partnership are set forth on a Schedule attached to this Security Agreement;
- (d) if the Borrower is an individual, that individual's full name and address provided to Lender are the individual's full and correct name and address and the individual's date of birth as described on the individual's birth certificate a true copy of which has been provided to Lender or, if no birth certificate issued from any jurisdiction in Canada exists, as described on the documents provided to Lender is the individual's correct birth date;
- (e) there is no litigation or governmental proceedings commenced or pending against or affecting the Collateral or the Borrower, in which a decision adverse to the Borrower would constitute or result in a material adverse change in the business, operations, properties or assets or in the condition, financial or otherwise, of the Borrower; and the Borrower agrees to promptly notify Lender of any such future litigation or governmental proceeding;
- (f) it does not have any information or knowledge of any facts relating to its business, operations, property or assets or to its condition, financial or otherwise, which it has not disclosed to Lender

in writing and which, if known to Lender, might reasonably be expected to deter Lender from extending credit or advancing funds to the Borrower;

- (g) it has good title and lawfully owns and possesses all presently held Collateral, free from all security interests, charges, encumbrances, liens and claims, save only the Permitted Encumbrances and the Security Interests and the charges or security interests consented to in writing by Lender, and it has not granted any licenses in or of its Intellectual Property other than as disclosed and consented to by Lender;
- (h) the Collateral is and/or will be located at the place(s) described in Schedule "A" and will not be removed from such location(s) without the prior written consent of Lender;
- (i) this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) of the Borrower, if the Borrower is a corporation, or, if the Borrower is a partnership, of the partners of the Borrower, and all other requirements have been fulfilled to authorise and make the execution and delivery of this Security Agreement, and the performance of the Borrower's obligations valid and there is no restriction contained in the constating documents of the Borrower or in any shareholders agreement or partnership agreement which restricts the powers of the authorised signatories of the Borrower to borrow money or give security; and
- (j) the Borrower's place(s) of business and chief executive office have been correctly provided to Lender.

## **7. COVENANTS OF THE BORROWER**

7.1 The Borrower covenants with Lender that while this Security Agreement remains in effect the Borrower will:

- (a) promptly pay and satisfy the Obligations as they become due or are demanded;
- (b) defend the title to the Collateral for Lender's benefit, against the claims and demands of all persons;
- (c) fully and effectually maintain and ensure that the Security Interests are and continue to be valid and effective;
- (d) maintain the Collateral in good condition and repair and provide adequate storage facilities to protect the Collateral and not permit the value of the Collateral to be impaired;
- (e) observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (f) forthwith pay and satisfy:
  - (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Borrower shall in good faith contest its obligations so to pay and shall furnish to Lender such security as Lender may require;
  - (ii) all security interests, charges, encumbrances, liens and claims (other than the Permitted Encumbrances) which rank or could rank in priority to, or on an equal basis with, any of the Security Interests; and
  - (iii) all fees from time to time chargeable by Lender arising out of any term of the commitment letter between Lender and the Borrower including, without limitation, inspection,

administration and returned cheque handling fees;

- (g) forthwith pay and satisfy all costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) which may be incurred by Lender in connection with granting loans or credit to the Borrower, including for:
- (i) inspecting the Collateral;
  - (ii) negotiating, preparing, perfecting, registering or renewing the registration of this Security Agreement and the Security Interests, any Financing or Financing Change Statement, any modification or amending agreement and other documents relating to the Borrower's obligations, whether or not relating to this Security Agreement;
  - (iii) complying with any disclosure requirements under the Act;
  - (iv) investigating title to the Collateral;
  - (v) taking, recovering, keeping possession and disposing of the Collateral;
  - (vi) maintaining the Collateral in good repair, storing the Collateral and preparing the Collateral for disposition;
  - (vii) any inspection, appraisal, investigation or environmental audit of the Collateral and the cost of any environmental rehabilitation, treatment, removal or repair necessary to protect, preserve or remedy the Collateral including any fine or penalty Lender becomes obligated to pay by reason of any statute, order or direction of competent authority;
  - (viii) all other actions and proceedings taken to preserve the Collateral, enforce this Security Agreement and of any other security interest held by Lender as security for the Obligations, protect Lender from liability in connection with the Security Interests or assist Lender in its loan and credit granting or realization of the Security Interest, including any actions under Bankruptcy and Insolvency Act (Canada) and all remuneration of any Receiver (as defined in Article 15 hereof) or appointed pursuant to Bankruptcy and Insolvency Act (Canada);
  - (ix) any sums Lender pays as fines, or as clean up costs because of contamination of or from your assets. Further, you will indemnify Lender and its employees and agents from any liability or costs incurred including legal defense costs. Your obligation under this paragraph continues even after the Obligations are repaid and this agreement is terminated.
- (h) at Lender's request, execute and deliver further documents and instruments and do all acts as Lender in its absolute discretion requires to confirm, register and perfect, and maintain the registration and perfection of, the Security Interests;
- (i) notify Lender promptly of:
- (i) any change in the information contained in this Security Agreement relating to the Borrower, its business or the Collateral, including, without limitation, any change of name or address (including any change of trade name, proprietor or partner) and any change in the present location of any Collateral;
  - (ii) any material loss or damage to the Collateral;
  - (iv) any material default by any account debtor in the payment or other performance of its obligations to the Borrower respecting any Accounts;

- (v) any claims against the Borrower including claims in respect of the Intellectual Property or of any actions taken by the Borrower to defend the registration of or the validity of or any infringement of the Intellectual Property;
  - (vi) the return to or repossession by the Borrower of Collateral that was disposed of by the Borrower; and
  - (vii) all additional places of business and any changes in its place(s) of business or chief executive office;
- (j) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Security Agreement, from being or becoming an accession to property not covered by this Security Agreement;
  - (k) carry on and conduct its business and undertaking in a proper and businesslike manner so as to preserve and protect the Collateral and the earnings, income, rents, issues and profits of the Collateral, including maintenance of proper and accurate books of account and records;
  - (l) permit Lender and its representatives, at all reasonable times, access to the Collateral including all of the Borrower's property, assets and undertakings and to all its books of account and records for the purpose of inspection and the taking of extracts and copies, whether at the Borrower's premises or otherwise, and the Borrower will render all assistance necessary;
  - (m) observe and perform all its obligations under:
    - (i) leases, licences, undertakings, and any other agreements to which it is a party;
    - (ii) any statute or regulation, federal, provincial, territorial, or municipal, to which it is subject;
  - (n) deliver to Lender from time to time promptly upon request:
    - (i) any documents of title, instruments, securities and chattel paper constituting, representing or relating to the Collateral; and
    - (ii) such information concerning the Collateral, the Borrower and the Borrower's business and affairs as Lender may reasonably require;
  - (o) with respect to the Intellectual Property, take all necessary steps and initiate all necessary proceedings, to maintain the registration or recording of the Intellectual Property, to defend the Intellectual Property from infringement and to prevent any licensed or permitted user from doing anything that may invalidate or otherwise impair the Intellectual Property;
  - (p) with respect to copyright forming part of the Intellectual Property, provide to Lender waivers of the moral rights thereto executed by all contributors or authors of the copyrighted work;
  - (q) receive and hold in trust on behalf of and for the benefit of Lender all proceeds from the sale or other disposition of any Collateral;
  - (r) consent to Lender contacting and making enquiries of the Borrower's lessors, as well as municipal or other government officials or assessors; and
  - (s) observe and perform the additional covenants and agreements set out in any schedules to this Security Agreement.

7.2 Any amounts required to be paid to Lender by the Borrower under this Clause 7 shall be immediately



payable with interest at the highest rate borne by any of the Obligations until all amounts have been paid.

7.3 This Security Agreement shall remain in effect until it has been terminated by Lender by notice of termination to the Borrower and all registrations relating to the Security Agreement have been discharged.

## **8. INSURANCE**

8.1 The Borrower covenants that while this Security Agreement is in effect the Borrower shall:

- (a) maintain or cause to be maintained insurance on the Collateral with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as Lender may require, and in particular maintain insurance on the Collateral to its full insurable value against loss or damage by fire and all other risks of damage, including an extended coverage endorsement and in the case of motor vehicles, insurance against theft;
- (b) cause the insurance policy or policies required by this Security Agreement to be assigned to Lender, including a standard mortgage clause or a mortgage endorsement, as Lender may require;
- (c) pay all premiums respecting such insurance, and deliver all policies to Lender, if it so requires.

8.2 If proceeds of any required insurance becomes payable, Lender may, in its absolute discretion, apply these proceeds to the Obligations as Lender sees fit or release any insurance proceeds to the Borrower to repair, replace or rebuild, but any release of insurance proceeds to the Borrower shall not operate as a payment on account of the Obligations or in any way affect this Security Agreement or the Security Interests.

8.3 The Borrower will forthwith, on the happening of loss or damage to the Collateral, notify Lender and furnish to Lender at the Borrower's expense any necessary proof and do any necessary act to enable Lender to obtain payment of the insurance proceeds, but nothing shall limit Lender's right to submit to the insurer a proof of loss on its own behalf.

8.4 The Borrower hereby authorizes and directs the insurer under any required policy of insurance to include the name of Lender as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by Lender to any insurer of a notarial or certified copy of this Security Agreement (notarized or certified by a notary public or solicitor) shall be the insurer's complete authority for so doing.

8.5 If the Borrower fails to maintain insurance as required, Lender may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as Lender may wish to maintain.

## **9. OTHER PROHIBITIONS**

Without the prior written consent of Lender the Borrower will not:

- (a) other than Permitted Encumbrances, create or permit to exist any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets, undertakings including without limitation the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests created by this Security Agreement;
- (b) grant, sell, or otherwise assign any of its chattel paper or any of the Collateral except only Inventory that is disposed of in accordance with Clause 10.2; or
- (c) where the Borrower is a corporation
  - (i) repay or reduce any shareholders loans or other debts due to its shareholders; or

(ii) change its name, merge with or amalgamate with any other entity.

## **10. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL**

10.1 Except as provided by this Security Agreement, without Lender's prior written consent the Borrower will not:

- (a) sell, lease, license or otherwise dispose of the Collateral;
- (b) release, surrender or abandon possession of the Collateral; or
- (c) move or transfer the Collateral from the jurisdictions in which the Security Interests have been perfected.

10.2 Provided that the Borrower is not in default under this Security Agreement, the Borrower may lease, sell, license, consign or otherwise deal with items of Inventory only in the ordinary course of its business and for the purposes of carrying on its business.

10.3 Any disposition of any Collateral, excepting sales of Inventory in the ordinary course, shall result in the Borrower holding the proceeds in trust for and on behalf of Lender and subject to Lender's exclusive direction and control, subject to the Permitted Encumbrances. Nothing restricts Lender's rights to attach, seize or otherwise enforce its Security Interests in any Collateral sold or disposed, subject to the Permitted Encumbrances, unless it is sold or disposed with Lender's prior written consent.

## **11. PERFORMANCE OF OBLIGATIONS**

If the Borrower fails to perform its covenants and agreements under this Security Agreement, Lender may, but shall not be obliged to, perform any or all of such covenants and agreements without prejudice to any other rights and remedies of Lender, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) incurred by Lender shall be immediately payable by the Borrower to Lender with interest at the highest rate borne by any of the Obligations and shall be secured by the Security Interests, until all such amounts have been paid.

## **12. ACCOUNTS**

Notwithstanding any other provision of this Security Agreement, but subject to the Permitted Encumbrances, Lender may collect, realize, sell or otherwise deal with all or a portion of the Accounts in such manner, upon such terms and conditions and at any time, whether before or after default, as may seem to it advisable, and without notice to the Borrower, except in the case of disposition after default and then subject to the applicable provisions of the Act, if any. All forms of payment received by the Borrower in payment of any Account, or as proceeds, shall be subject to the Security Interests and shall be received and held by the Borrower in trust for Lender, subject to the Permitted Encumbrances.

## **13. APPROPRIATION OF PAYMENTS**

Any and all payments made respecting the Obligations and monies realized from any Security Interests (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as Lender sees fit, and Lender may at any time change any appropriation as Lender sees fit.

## **14. DEFAULT**

14.1 Unless waived by Lender, the Borrower shall be in default under this Security Agreement and shall be deemed to be in default under all other agreements between the Borrower and Lender in any of the following events:

- (a) the Borrower defaults, or threatens to default, in payments when due of any of the Obligations; or
- (b) the Borrower is in breach of, or threatens to breach, any term, condition, obligation or covenant made by it to or with Lender, or any representation or warranty of the Borrower to Lender is untrue or ceases to be accurate, whether or not contained in this Security Agreement; or
- (c) the Borrower or a guarantor of the Borrower declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of any provisions for relief under Bankruptcy and Insolvency Act (Canada), the Companies Creditors' Arrangement Act (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or
- (d) a receiver, manager, receiver and manager or receiver-manager of all or a part of the Collateral is appointed; or
- (e) an order is made or a resolution is passed for the winding up of the Borrower or a guarantor of the Borrower; or
- (f) the Borrower or a guarantor of the Borrower ceases or threatens to cease to carry on all or a substantial part of its business or makes or threatens to make a sale of all or substantially all of its assets; or
- (g) distress or execution is levied or issued against all or any part of the Collateral; or
- (h) if the Borrower is a corporation and any member or shareholder:
  - (i) commences an action against the Borrower; or
  - (ii) gives a notice of dissent to the Borrower in accordance with the provisions of any governing legislation; or
- (i) if the Borrower is a corporation and its voting control changes without Lender's prior written consent; or
- (j) without Lender's prior written consent and other than the Permitted Encumbrances, the Borrower creates or permits to exist any security interest, charge, encumbrance, lien or claim against any of the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests; or
- (l) the holder of any other security interest, charge, encumbrance, lien or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or
- (m) the Borrower enters into an amalgamation, a merger or other similar arrangement with any other person without Lender's prior written consent or, if the Borrower is a corporation, it is continued or registered in a different jurisdiction without Lender's prior written consent; or
- (n) Lender in good faith and on commercially reasonable grounds believes that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy or removed from the jurisdiction in which this Security Agreement has been registered; or
- (o) the lessor under any lease to the Borrower of any real or personal property takes any steps to or threatens to terminate such lease or otherwise exercise any of its remedies under such lease

as a result of any default by the Borrower; or

- (p) the Borrower causes or allows hazardous materials to be brought upon any lands or premises occupied by the Borrower or to be incorporated into any of its assets, or the Borrower causes, permits, or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority; or
- (q) any permit, license, certification, quota or order granted to or held by the Borrower is cancelled, revoked or reduced, as the case may be, or any order against the Borrower is enforced, preventing the business of the Borrower from being carried on for more than 5 days or materially adversely changing the condition (financial or otherwise) of the Borrower's business; or
- (r) if an individual, the Borrower dies or is declared incompetent by a court of competent jurisdiction.

## **15. ENFORCEMENT**

15.1 Upon any default under this Security Agreement Lender may declare any or all of the Obligations whether or not payable on demand to become immediately due and payable and the Security Interests will immediately become enforceable. To enforce and realize on the Security Interests Lender may take any action permitted by law or in equity as it may deem expedient and in particular, without limitation, Lender may do any of the following:

- (a) appoint by instrument a receiver, manager, receiver and manager or receiver-manager (the "Receiver") of all or any part of the Collateral, with or without bond as Lender may determine, and in its absolute discretion remove such Receiver and appoint another in its stead;
- (b) enter upon any of the Borrower's premises at any time and take possession of the Collateral with power to exclude the Borrower, its agents and its servants, without becoming liable as a mortgagee in possession;
- (c) preserve, protect and maintain the Collateral and make such replacements and repairs and additions to the Collateral as Lender deems advisable;
- (d) dispose of all or part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to Lender may seem reasonable, provided that if any sale, lease or other disposition is on credit the Borrower will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received;
- (e) register assignments of the Intellectual Property, and use sell, assign, license or sub-license any of the Intellectual Property; and
- (f) exercise all of the rights and remedies of a secured party under the Act and any other applicable laws.

15.2 A Receiver appointed pursuant to this Security Agreement insofar as responsibility for its actions is concerned shall be the agent of the Borrower and not of Lender and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of Lender under this Security Agreement, and in addition shall have power to:

- (a) carry on the Borrower's business and for such purpose from time to time to borrow money either secured or unsecured, and if secured by granting a security interest on the Collateral, such security interest may rank before or on an equal basis with or behind any of the Security Interests and if it does not so specify such security interest shall rank in priority to the Security Interests;

and

- (b) make an assignment for the benefit of the Borrower's creditors or a proposal on behalf of the Borrower under *Bankruptcy and Insolvency Act* (Canada); and
- (c) commence, continue or defend proceedings in the name of the Receiver or in the name of the Borrower for the purpose of protecting, seizing, collecting, realizing or obtaining possession of or payment for the Collateral; and
- (d) make any arrangement or compromise that the Receiver deems expedient.

15.3 Subject to the claims, if any, of the creditors of the Borrower ranking in priority to this Security Agreement, all amounts realized from the disposition of the Collateral pursuant to this Security Agreement will be applied as Lender, in its absolute discretion and to the full extent permitted by law, may direct as follows:

- (a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and its own client basis) incurred by Lender respecting or incidental to:
  - (i) the exercise by Lender of the rights and powers granted to it by this Security Agreement; and
  - (ii) the appointment of the Receiver and the exercise by the Receiver of the powers granted to it by this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;
- (b) in or toward payment to Lender of all principal and other monies (except interest) due in respect of the Obligations;
- (c) in or toward payment to Lender of all interest remaining unpaid respecting the Obligations; and
- (d) in payment to those parties entitled thereto under the Act.

## **16. GENERAL PROVISIONS PROTECTING LENDER**

16.1 To the full extent permitted by law, Lender shall not be liable for any debts contracted by it during enforcement of this Security Agreement, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when Lender shall manage the Collateral upon entry or seizure, nor shall Lender be liable to account as a mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. Lender shall not be bound to do, observe or perform or to see to the observance or performance by the Borrower of any obligations or covenants imposed upon the Borrower nor shall Lender, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall Lender be obliged to keep any of the Collateral identifiable. To the full extent permitted by law, the Borrower waives any provision of law permitted to be waived by it which imposes greater obligations upon Lender than described above.

16.2 Neither Lender nor any Receiver appointed by it shall be liable or accountable for any failure to seize, collect, realize, sell or obtain payments for the Collateral nor shall they be bound to institute proceedings for the purposes of seizing, collecting, realizing or obtaining payment or possession of the Collateral or the preserving of any right of Lender, the Borrower or any other party respecting the Collateral. Lender shall also not be liable for any misconduct, negligence, misfeasance by Lender, the Receiver or any employee or agent of Lender or the Receiver, or for the exercise of the rights and remedies conferred upon Lender or the Receiver by this Security Agreement.

16.3 Lender or any Receiver appointed by it may grant extensions of time and other indulgences, take and give securities, accept compromises, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the debtors of the Borrower, co-obligants, guarantors and others and with the

Collateral and other securities as Lender may see fit without liability to Lender and without prejudice to Lender's rights respecting the Obligations or Lender's right to hold and realize the Collateral.

16.4 Lender in its sole discretion may realize upon any other security provided by the Borrower in any order or concurrently with the realization under this Security Agreement whether such security is held by it at the date of this Security Agreement or is provided at any time in the future. No realization or exercise of any power or right under this Security Agreement or under any other security shall prejudice any further realization or exercise until all Obligations have been fully paid and satisfied.

16.5 Any right of Lender and any obligation of the Borrower arising under any other agreements between Lender and the Borrower shall survive the signing, registration and advancement of any money under this Security Agreement, and no merger respecting any such right or obligation shall occur by reason of this Security Agreement. The obligation, if any, of the Borrower to pay legal fees, a commitment fee, a standby fee or administration fees, under the terms of Lender's commitment letter with the Borrower shall survive the signing and registration of this Security Agreement and Lender's advancement of any money to the Borrower and any legal fees, commitment fees, standby fees or administration fees owing by the Borrower shall be secured by the Collateral.

16.6 In the event that Lender registers a notice of assignment of Intellectual Property the Borrower shall be responsible for and shall indemnify Lender against all maintenance and renewal costs in respect thereof, and any costs of initiating or defending litigation, together with all costs, liabilities and damages related thereto.

16.7 Notwithstanding any taking of possession of the Collateral, or any other action which Lender or the Receiver may take, the Borrower now covenants and agrees with Lender that if the money realized upon any disposition of the Collateral is insufficient to pay and satisfy the whole of the Obligations due to Lender at the time of such disposition, the Borrower shall immediately pay to Lender an amount equal to the deficiency between the amount of the Obligations and the sum of money realized upon the disposition of the Collateral, and the Borrower agrees that Lender may bring action against the Borrower for payment of the deficiency, notwithstanding any defects or irregularities of Lender or the Receiver in enforcing its rights under this Security Agreement.

## **17. APPOINTMENT OF ATTORNEY**

The Borrower hereby irrevocably appoints Lender or the Receiver, as the case may be, with full power of substitution, as the attorney of the Borrower for and in the name of the Borrower to do, make, sign, endorse or execute under seal or otherwise all deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Borrower is obliged to sign, endorse or execute and generally to use the name of the Borrower and to do everything necessary or incidental to the exercise of all or any of the powers conferred on Lender, or the Receiver, as the case may be, pursuant to this Security Agreement. This grant and authority shall continue and survive any mental infirmity or legal incapacity of the Borrower subsequent to the execution hereof.

## **18. CONSOLIDATION**

For the purposes of the laws of all jurisdictions in Canada, the doctrine of consolidation applies to this Security Agreement.

## **19. WAIVER**

Lender may permit the Borrower to remedy any default without waiving the default so remedied. Lender may from time to time and at any time partially or completely waive any right, benefit or default under this Security Agreement but such waiver shall not be a bar to or a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default under this Security Agreement. No waiver shall be effective unless it is in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right.

## **20. NOTICE**

Notice may be given to either party by prepaid mail or delivered to the party for whom it is intended, at the principal address of such party provided in this Security Agreement or at such other address as may be given in writing by one party to the other, and any notice if mailed shall be deemed to have been given at the expiration of three business days after mailing and if delivered, on delivery.

## **21. EXTENSIONS**

Lender may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Borrower, the Borrower's account debtors, sureties and others and with the Collateral and other security interests as Lender may see fit without prejudice to the Borrower's liability or Lender's right to hold and realize on the Security Interests.

## **22. NO MERGER**

This Security Agreement shall not create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may be held by Lender now or in the future from the Borrower or from any other person. The taking of a judgement respecting any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

## **23. RIGHTS CUMULATIVE**

Lender's rights and remedies set out in this Security Agreement, and in any other security agreement held by Lender from the Borrower or any other person to secure payment and performance of the Obligations, are cumulative and no right or remedy contained in this Security Agreement or any other security agreements is intended to be exclusive but each will be in addition to every other right or remedy now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Borrower and Lender that may be in effect from time to time.

## **24. ASSIGNMENT**

Lender may, without notice to the Borrower, at any time assign or transfer, or grant a security interest in, all or any of the Obligations, this Security Agreement and the Security Interests. The Borrower agrees that the assignee, transferee or secured party, as the case may be, shall have all of Lender's rights and remedies under this Security Agreement and the Borrower will not assert as a defence, counterclaim, right of set-off or otherwise any claim which it now has or may acquire in the future against Lender in respect of any claim made or any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the assigned Obligations to the assignee, transferee or secured party, as the case may be, as the said Obligations become due.

## **25. SATISFACTION AND DISCHARGE**

Any partial payment or satisfaction of the Obligations, or any ceasing by the Borrower to be indebted to Lender shall not be a redemption or discharge of this Security Agreement. The Borrower shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations, and upon written request by the Borrower and, subject to applicable law, payment to Lender of an administrative fee to be fixed by Lender and payment of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by Lender in connection with the Obligations and such release and discharge. The Borrower shall, subject to applicable law, pay an administrative fee, to be fixed by Lender, for the preparation or execution of any full or partial release or discharge by Lender of any security it holds, of the Borrower, or of any guarantor or covenantor with respect to any Obligations.

## **26. ENVIRONMENT**

The Borrower represents and agrees that:

- (a) it operates and will continue to operate in conformity with all applicable environmental laws, regulations, standards, codes, ordinances and other requirements of any jurisdiction in which it carries on business and will ensure its staff is trained as required for that purpose;
- (b) it has an environmental emergency response plan and all officers and employees are familiar with that plan and their duties under it;
- (c) it possesses and will maintain all environmental licences, permits and other governmental approvals as may be necessary to conduct its business and maintain the Collateral;
- (d) there has been no complaint, prosecution, investigation or proceeding, environmental or otherwise, respecting the Borrower's business or assets including without limitation the Collateral;
- (f) it will advise Lender immediately upon becoming aware of any environmental problems relating to its business or the Collateral;
- (g) it will provide Lender with copies of all communications with environmental officials and all environmental studies or assessments prepared for the Borrower and it consents to Lender contacting and making enquiries of environmental officials or assessors;
- (h) it will from time to time when requested by Lender provide to Lender evidence of its full compliance with the Borrower's obligations in this Clause 26.

## **27. ENUREMENT**

This Security Agreement shall enure to the benefit of Lender and its successors and assigns, and shall be binding upon the Borrowers and its heirs, executors, administrators, successors and any assigns permitted by Lender, as the case may be.

## **28. INTERPRETATION**

28.1 In this Security Agreement:

- (a) "Collateral" has the meaning set out in Clause 1 and any reference to the Collateral shall, unless the context otherwise requires, be deemed to be a reference to the Collateral in whole or in part;
- (b) "Permitted Encumbrances" means, without Lender having or being deemed to have acknowledged, acquiesced or agreed to the quantum of such Encumbrances or to the priority, enforceability, or validity of same (other than as herein expressed), the following, namely (1) all security or securities now or hereafter held by Accord Financial Inc. for all indebtedness or any part thereof owing or hereinafter owing by the Borrower (all of which present and future security and securities being called the "Accord Lender Security"), which Accord Lender security shall rank in all respects in priority to the Security Interests hereby granted to the Lender; notwithstanding the generality of the foregoing, the Security Interests are hereby and shall hereafter be subject, postponed and subordinated to the Accord Lender Security; (2) all security or securities now or hereafter held by Ortis Financial Group Ltd. for all indebtedness or any part thereof owing or hereinafter owing by the Borrower (all of which present and future security and securities being called the "Ortis Lender Security"), which Ortis Lender security shall rank in all respects subsequent to the Security Interests hereby granted to the Lender; and (3) the following:
  - (i) Encumbrances for security given to a Governmental Entity when required by statutory or regulatory obligation in connection with the operation of the Borrower's business in the ordinary course of the operation of that business, which do not, in



the aggregate, materially interfere with the ordinary course of conduct of the Borrower's business;

- (ii) Encumbrances for taxes, assessments, governmental charges or levies:
  - (A) not at the time due or delinquent according to law; or
  - (B) which are due and payable, but in respect of which the validity is being contested in good faith by appropriate proceedings promptly instituted and diligently pursued, provided however that prior to the initiation of such proceedings, the full amount of such taxes, assessments, governmental charges and levies so contested shall have been paid and evidence, satisfactory to the Lender of such payment shall have been delivered to the Lender;
- (iii) Encumbrances in respect of any judgment rendered or claims filed against the Borrower which the Borrower is contesting in good faith by proper actions or proceedings promptly initiated and diligently pursued, provided that either:
  - (A) prior to the initiation of such proceedings the Lender is satisfied and has been provided with such security as it may have requested to ensure that such contestation will involve no forfeiture of any part of the Borrower's property; or
  - (B) prior to the initiation of such proceedings there shall have been paid to or deposited with the appropriate court an amount sufficient to pay such judgment or claim or security therefor acceptable to such court, and there shall have been delivered to the Lender, evidence satisfactory to it, of such payment or deposit;
- (iv) Encumbrances securing obligations not yet due and payable under unemployment insurance legislation, workers' compensation programs, and other social security legislation;
- (v) Encumbrances on office equipment and any proceeds related thereto created or assumed to finance or re-finance the acquisition or improvement or secure the unpaid purchase price of the equipment (including the principal amount of any capital lease) provided that the aggregate principal amount (or fair market of such equipment that is subject to an Encumbrance if no principal amount is designated) secured by all such Encumbrances outstanding for the Borrower at any time does not exceed \$50,000; and
- (vi) Encumbrances:
  - (A) securing public or statutory obligations of the Borrower;
  - (B) constituting deposits securing, or in lieu of, surety, appeal or custom bonds in proceedings to which the Borrower is a party; and
  - (C) securing bids, tenders, contracts (other than contracts for the payment of money),

provided in each such case that such Encumbrances are not registered against title to any real or personal property of the Borrower or, if registered against title to any such real or personal property, are being contested in good faith by appropriate proceedings promptly

initiated and diligently pursued and in respect of which the Lender is satisfied and has been provided with such security as it may have requested to ensure that such contestation will involve no forfeiture of any part of the Borrower's property.

- (c) "the Act" means the *Personal Property Security Act* of the Province of Ontario, and all regulations under the Act, as amended from time to time.

28.2 Words and expressions used in this Security Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined in this Security Agreement or unless the context otherwise requires.

28.3 The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause of this Security Agreement.

28.4 The headings used in this Security Agreement have been inserted for convenience of reference only and shall not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.

28.5 This Security Agreement shall be governed by the laws of the Province of Ontario. For enforcement purposes, the Borrower hereby attorns to the jurisdiction of the courts and laws of any province, state, territory or country in which Lender enforces its rights and remedies hereunder.

## 29. COPY OF AGREEMENT AND FINANCING STATEMENT

The Borrower:

- (a) acknowledges receiving a copy of this Security Agreement; and
- (b) if the Act so permits, waives all rights to receive from Lender a copy of any financing statement or financing change statement filed, or any verification statement or other document received at any time respecting this Security Agreement.

## 30. TIME

Time shall in all respects be of the essence.

## 31. INDEPENDENT ADVICE

The Borrower acknowledges having received, or having had the opportunity to receive, independent legal and accounting advice respecting this Security Agreement and its effect.

**IN WITNESS WHEREOF** the Borrower has duly executed this General Security Agreement on the day and year first above written.

\_\_\_\_\_  
(Witness)

2455350 ONTARIO INC. dba Baron Auto Group  
(Borrower)

Per:

Name: ***[Intentionally removed]***  
Title: ***[Intentionally removed]***  
I have authority to bind the corporation.

**SCHEDULE "A"**

Location(s) of the Collateral:

**EXHIBIT D**  
**Trading Agreement**  
(See attached)

## TRADING AGREEMENT

This Agreement is dated as of August 6, 2021 and is between the following parties: Xigem Technologies Corporation ("**Xigem**"), APO Finance Corp. ("**APO**") and FOOi Inc. ("**FOOi**").

### BACKGROUND

- A. Xigem and FOOi are party to an asset purchase agreement dated as of the date hereof (the "**Asset Purchase Agreement**"), pursuant to which Xigem has agreed to purchase all or substantially all of the assets of FOOi in consideration for \$500,000, which is to be satisfied through the issuance by Xigem of 1,666,667 common shares in the capital of Xigem (the "**Consideration Shares**") at a deemed price of \$0.30 per share (the "**Asset Sale**").
- B. Xigem and FOOi have agreed, pursuant to the APA, that the Consideration Shares will be issued to APO rather than FOOi, and that APO will use its commercially reasonable efforts to sell the Consideration Shares at prevailing market prices during the period of 90 days following the closing of the Asset Sale, and in 60 day period intervals following such 90 day period, and to remit the gross proceeds from the sale of the Consideration Shares, net of ordinary course selling commissions, to 2455350 ONTARIO INC. o/a Baron Auto Group ("**BAG**").

**NOW THEREFORE** in consideration of the entering into of the transactions contemplated hereby, the covenants and agreements contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. APO agrees to use its commercially reasonable efforts to sell the entirety of the Consideration Shares, subject to the Trading Restrictions (as defined below), during the 90 day period following the closing of the Asset Sale, and, provided the Consideration Shares have not been sold in their entirety as that the conclusion of such 90 day period or a subsequent 60 day period as described hereinafter, to use its commercially reasonable efforts to sell the balance of the Consideration Shares, subject to the Trading Restrictions, for one or more subsequent 60 day periods. Within three (3) business days following each such 90 or 60 day period, as applicable, APO shall, unless it has received written instructions to the contrary from Xigem, remit the gross proceeds from the sale of the Consideration Shares, net of ordinary course selling commissions, to BAG via a certified cheque, bank draft or wire transfer.
2. For the purpose of this Agreement, the term "**Trading Restrictions**" means (i) not entering into any transaction or series of transactions, through the facilities of the Canadian Securities Exchange (the "**CSE**") or any stock exchange on which the common shares in the capital of Xigem ("**Common Shares**") are listed, that results in the sale of a number of Common Shares that is greater than 30% of the volume-weighted average trading price, as adjusted for splits, combinations and other similar transactions, of a Common Share on the CSE or other principal stock exchange on which the Common Shares are then-listed or admitted to trading, calculated over the consecutive 10-trading day period ending on the close of trading on the trading day immediately prior to such date; and (ii) a floor price on the sale of any share of Consideration Shares equal to the volume-weighted average trading price of the common shares in the capital of Xigem ("**Common Shares**") for the five trading days preceding such sale.
3. The laws of Ontario and the laws of Canada applicable in that province, excluding any rule or principle of conflicts of law that may provide otherwise, govern this Agreement.

4. No party may assign, transfer or delegate any or all of its rights or obligations under this Agreement without the prior written consent of the other parties. No assignment will relieve the assigning party of any of its obligations hereunder.
5. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.
6. This Agreement may be executed in separate counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Delivery of an executed signature page to this agreement by facsimile or other electronic transmission (including documents in Adobe PDF format) will be effective as delivery of a manually executed counterpart to this agreement.
7. Each party shall provide such further documents or instruments and do such other things and take such actions required by the other parties as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.
8. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, between the parties with respect to the subject matter hereof.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]**

**XIGEM TECHNOLOGIES CORPORATION**

By: \_\_\_\_\_  
Authorized Signing Officer

**APO FINANCE CORP.**

By: \_\_\_\_\_  
Authorized Signing Officer

**FOOI INC.**

By: \_\_\_\_\_  
Authorized Signing Officer