

General Security Agreement

THIS GENERAL SECURITY AGREEMENT is made this 7th day of August, 2020.

BETWEEN

Aduro Energy Inc., a corporation incorporated under the laws of Ontario, with its principal office at Suite 104, 1086 Modeland Road, Sarnia, Ontario, Canada N7S 6L2

(Hereinafter the “**Debtor**”)

OF THE FIRST PART

AND:

Dimension Five Technologies Inc., a corporation incorporated under the laws of British Columbia, Canada, with its principal office at Suite 1450 – 789 West Pender Street, Vancouver, British Columbia V6C 1H2

(Hereinafter the “**Creditor**”)

OF THE SECOND PART

WHEREAS, the Debtor and Creditor executed a letter of intent dated July 13, 2020 whereby the Creditor would acquire the Debtor and prior to closing, would lend to the Debtor the sum of \$150,000 (the “LOI”);

WHEREAS, the Debtor and Creditor executed a promissory note dated August 7, 2020 whereby the Creditor lent to the Debtor the initial sum of \$50,000 (hereinafter the “Promissory note”);

AND WHEREAS, as security for the sum of \$150,000 borrowed and to be borrowed from the Creditor under the Promissory note and promissory notes to be issued for further advances and the promise to repay said amount under the Promissory Note and promissory notes to be issued for further advances, the Debtor has agreed to grant to the Creditor a security interest in all of the Debtor’s current and after-acquired property;

NOW THEREFORE, in consideration of the terms and conditions below and the sum of one dollar (\$1.00) paid by each party to the other, the receipt and sufficiency of which is hereby acknowledged, and the performance of all obligations under the Promissory note, the Creditor and Debtor agree as follows:

1.0 INTERPRETATION

1.1 **Definitions.** In this Security Agreement, unless otherwise stated, the following terms shall have the meaning prescribed for each.

“**Agreement**” means the terms and conditions described in Articles 1.0 through 14.0 inclusive, and all schedules, appendices, addendum or other documents incorporated by reference. This

Agreement also includes all subsequent amendments signed by the Parties and referencing this Agreement.

“Business Day” means any day other than Saturday or Sunday or a statutory holiday so recognized by the province of British Columbia.

“Encumbrance” means any mortgage, lien, claim, hypothec, pledge, charge, licence, lease, title retention agreement, security interest of any nature, adverse claim, exception, reservation, option, right of pre-emption, privilege, or other adverse claim or interest.

“Event of Default” means any breach or default of the Debtor described in Article 10.0 of this Agreement.

“Governmental Authority” means any Canadian federal, provincial, territorial or municipal authority, court, other tribunal or commission, regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing.

“PPSA” means the *Personal Property Security Act*, R.S.O. 1990, c. P.10 and the regulations thereunder, as may be amended from time to time.

“Parties” means the Creditor, and Debtor, and **“Party”** means one of them as the context provides.

“Permitted Encumbrances” means the Encumbrances against the Secured Property described in Schedule B.

“Promissory Note” means the promise dated and executed by the Debtor on August 7, 2020 as Borrower, to pay to the Creditor, as Lender, the amount outstanding under the Promissory note, on the terms set out therein, and includes additional promissory notes to be issued by the Debtor to the Creditor evidencing advances of up to \$150,000 in total pursuant to the LOI.

“Schedule” means an appendix to this Agreement as described in Article 2.0.

“Secured Property” means the property of the Debtor described in Schedule A for which a Security Interest has been granted to the Creditor under this Agreement.

“Security Interest” means an interest in personal property that secures payment or performance of an obligation as defined under the PPSA.

“Taxes” means all taxes of any nature or kind imposed by any Governmental Authority responsible for the imposition of the same in respect of or pursuant to any Applicable Law, together with any interest or penalty.

1.2 Currency. Unless otherwise stated in this Agreement, all amounts shall be Canadian dollars.

1.3 Accounting Terms. Unless otherwise stated in this Agreement, all accounting terms shall be interpreted in accordance with Canadian IFRS.

- 1.4** *Time of the Essence.* Time shall be of the essence of this Agreement and of every part hereof, and no extension or variation thereto shall operate as a waiver of this provision.
- 1.5** *Applicable Law.* This Agreement shall be construed, interpreted and enforced in accordance with the laws of British Columbia, Canada, without reference to any principles of conflicts of laws. Subject to the Dispute Resolution provision in this Agreement, each Party irrevocably and unconditionally attorns to the exclusive jurisdiction of the courts in Vancouver, B.C..
- 1.6** *Enurement.* This Agreement shall enure to the benefit of and shall be binding on and enforceable by the Parties and, where the context so permits, their respective heirs, executors, representatives and successors.
- 1.7** *Amendment.* This Agreement may only be changed by a document in writing signed by both Parties.
- 1.8** *Waiver.* No waiver of any provision of this Agreement, including waiver of a breach of this Agreement, shall constitute a waiver of any other provision or breach of this Agreement unless expressly provided otherwise. No waiver shall be binding unless executed in writing.
- 1.9** *Further Assurances.* The Parties shall with reasonable diligence do all things and provide all reasonable assurances as may be required to implement the provisions of this Agreement, and each Party shall provide such further documents or instruments required by the other Party as may be reasonably necessary to give effect thereto.
- 1.10** *Invalidity.* Any provision in this Agreement which is held to be illegal or unenforceable shall be ineffective to the extent of such illegality or unenforceability without invalidating the remaining provisions.

2.0 SCHEDULES

2.1 The Schedules appended to and forming part of this Agreement are described in subsection 2.2. In the event of any inconsistency, ambiguity or conflict between the terms and conditions of this Agreement and any Schedule, the terms and conditions of this Agreement shall prevail.

2.2 The Schedules to this Agreement are as follows:

Schedule A: Secured Property

Schedule B: Permitted Encumbrances

3.0 GRANT OF SECURITY INTEREST

3.1 For value received under the Promissory Note, and as security for the obligations of the Debtor under the Promissory Note to make the prescribed payments thereunder to the Creditor, the Debtor grants to the Creditor a Security Interest in the Secured Property, including for certainty the proceeds of any Secured Property.

3.2 The Creditor and Debtor acknowledge and agree that:

(a) The Debtor and Creditor have not postponed the time of attachment of the Security Interest in the Secured Property;

(b) This Agreement is a “security agreement” within the terms of the PPSA;

(c) The Creditor may register its Security Interest under the PPSA; and

(d) If in the Event of Default the Security Interest in the Secured Property is not sufficient to satisfy the indebtedness of the Debtor to the Creditor under the terms of the Promissory Note, the Debtor shall remain liable to the Creditor for the remaining indebtedness, and the Creditor may pursue the full payment thereof.

3.3 The Security Interest granted under this Agreement shall not include the last day of the term of any lease of real property. In the event of enforcement the Debtor shall be possessed of the last day of the applicable lease of real property in trust and obligated to assign the same to any person acquiring the term.

4.0

5.0 PERFECTION OF SECURITY INTEREST

5.1 The Creditor may file financing statements, such other documentation, and take all other actions as necessary to perfect its Security Interest in the Secured Property; provided however that unless and until the occurrence of an Event of Default, the creditor will not make any filings with or registrations with any patent or intellectual property office in any jurisdiction.

6.0 INSPECTION OF SECURED PROPERTY

6.1 The Creditor may at any time, and from time-to-time, and with or without advance notice, inspect the Secured Property to confirm its existence and state. The Debtor shall provide access to all of its locations and all reasonable assistance to the Creditor for any such inspection.

7.0 Reserved.

8.0 REPRESENTATIONS AND WARRANTIES OF THE DEBTOR

8.1 **General.** The Debtor makes the following representations and warranties to the Creditor acknowledging that the Creditor is relying on each such representation and warranty in entering this Agreement, and with the further acknowledgment that the Creditor would not have entered into this Agreement without any of the representations and warranties of the Debtor.

8.1.1 **Legal Status.** The Debtor represents and warrants to the Creditor that the Debtor is a corporation, duly incorporated and organized and validly subsisting under the laws of Ontario and has the corporate power to enter into this Agreement and to provide the Security Interest in the Secured Property. There is no legal prohibition or other impediment to the transactions contemplated under this Agreement or to any of the rights and obligations assumed by the Debtor under this Agreement.

- 8.1.2 Authorization.** The Debtor represents and warrants to the Creditor that this Agreement has been duly authorized, executed and delivered by the Debtor and is a legal, valid and binding obligation of the Debtor, enforceable against the Debtor by the Creditor in accordance with its terms except only as such enforcement may be restricted or limited by any applicable laws in regard to bankruptcy, insolvency or the enforcement of creditors' rights generally.
- 8.1.3 Not Bankrupt or Insolvent.** The Debtor represents and warrants to the Creditor that it is not bankrupt, insolvent or subject to any legal form of reorganization, moratorium, preference or other law or regulation relating to or affecting the enforceability of creditors' rights generally.
- 8.1.4 No Violation.** The Debtor represents and warrants to the Creditor that, subject to the Permitted Encumbrances, no other party has any written or oral agreement or option or any right or privilege for the purchase or acquisition from of the Secured Property. The execution of this Agreement, the consummation of the transactions contemplated hereunder and performance by the Debtor of its obligations under this Agreement: (a) Does not or will not violate, contravene or breach, or constitute a default under any contract, indenture, instrument or commitment to which the Debtor is or may be a party, or to which the Secured Property may be subject, or otherwise bound or affected; (b) Will not result in the violation of any law, judgment, order or decree to which the Debtor is bound; or (c) Will not result in or require the creation of any Encumbrance on or against the Secured Property other than the Security Interest created under this Agreement.
- 8.1.5 Secured Property .** The Debtor represents and warrants to the Creditor that the Secured Property is genuine and in the exclusive possession and control of the Debtor (subject to licenses thereto granted in the normal course of business).
- 8.1.6 Debtor Rights to Secured Property .** The Debtor represents and warrants to the Creditor that, subject to Permitted Encumbrances, the Debtor has all right, title and interest in and to the Secured Property, and the right to grant the Security Interest in the same to the Creditor under this Agreement.
- 8.1.7 No Claims.** The Debtor represents and warrants to the Creditor that there are no claims, actions or other proceedings before any court or lawfully constituted tribunal, commission or agency that are pending, or to the knowledge of the Debtor threatened, that could prohibit or to any extent compromise the Security Interest obtained by Creditor in the Secured Property.
- 8.1.8 Taxes and Assessments.** The Debtor represents and warrants to the Creditor that the Debtor has filed in a timely manner all tax returns required to be filed regarding the Secured Property, and has made complete and accurate disclosure in such returns. The Debtor has paid all Taxes due to the applicable taxation authorities in regard to the Secured Property. The Debtor has made adequate provision for Taxes that are payable during the current fiscal year. There are no actions, audits, assessments, reassessments, suits, proceedings, investigations or claims now threatened or pending against the Debtor in respect of any Taxes or related charges by any Governmental Authority.
- 8.1.9 Licences, Permits and Consents.** The Debtor represents and warrants to the Creditor that all licences, permits or consents from Governmental Authority necessary to own or use the Secured Property in the manner in which such are currently used have been obtained, are valid,

subsisting and in good standing and the Debtor is not in default or breach of any of the same. All such licences, permits or consents will be renewed or extended as required.

8.1.10 *Compliance with Laws.* The Debtor represents and warrants to the Creditor that to its best knowledge, the Debtor is in compliance, in all material respects, with all applicable laws, regulations, rules, judgments, decrees or orders applicable to the Secured Property.

8.2 *Disclaimer.*

EXCEPT AS EXPRESSLY STATED IN THIS ARTICLE 8.0, ALL REPRESENTATIONS AND WARRANTIES OF THE DEBTOR, EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, ARE HEREBY EXCLUDED.

9.0 COVENANTS OF THE DEBTOR

9.1 The Debtor covenants and agrees so long as this Agreement remains in effect:

(a) To keep the Secured Property in good order, condition and repair and not to use the Secured Property in any manner that may compromise the rights of the Creditor under this Agreement;

(b) To contest claims by any other party for possession of, or for any proprietary right or interest in or to, the Secured Property other than Permitted Encumbrances;

(c) Not to grant any other Security Interest, or otherwise permit any other Encumbrances, other than Permitted Encumbrances, in the Secured Property.

(d) Not to sell, exchange, transfer, assign, lease, license, affix to real property, or otherwise dispose of the Secured Property or any interest therein except in the normal course of business;

(e) To pay all Taxes, charges and other assessments of Governmental Authorities as and when the same are due and payable;

(f) To insure the Secured Property in such amounts, with such coverage and under such terms as is reasonable and prudent for comparable parties in the same line of business;

(g) To advise the Creditor, promptly and in writing, of any information or situation that causes, or reasonably may cause, a material change in and to the Secured Property or the rights of the Creditor under this Agreement; and

(h) Subject to the restrictions in Section 5.1, to execute and deliver such financing statements, other documentation, and perform such other acts as may be required or reasonably requested by the Creditor, to give full and enforceable legal effect to the Security Interest of the Creditor in the Secured Property.

10.0 EVENTS OF DEFAULT

10.1 The occurrence of any of the following represents an Event of Default by the Debtor under this Agreement:

(a) A breach or default otherwise by the Debtor of the Promissory Note, including, without limitation, any failure to make a prescribed payment of interest ;

(b) A material breach of any covenant, representation and warranty or other term and condition of this Agreement which has not been cured within 30 days of written notice from the Creditor to the Debtor of such breach; or

(c) The bankruptcy or insolvency of the Debtor, or the Debtor taking the benefit of any statute or regulation now or hereafter in force for bankrupt or insolvent debtors, or the Debtor filing any proposal or making any assignment for the benefit of its creditors, or the Debtor entering into any arrangement or compromise with its creditors, or the appointment of a receiver or a receiver and manager for all or a portion of the Debtor's property, or the Debtor or any other party taking any action or proceeding for the dissolution, winding-up or liquidation of the Debtor or its assets.

11.0 REMEDIES

11.1 In the event of an Event of Default, the Creditor may, in its sole discretion, and in addition to the remedies of the Creditor under the Promissory Note:

(a) Give notice of this Agreement and the rights of the Creditor to any person or party liable to the Debtor in regard any Secured Property;

(b) Execute on behalf of the Debtor all documents against the Secured Property or any part of it as necessary or desirable to ensure the Creditor's priority in regard to the same;

(c) Require the Debtor to, forthwith, deliver the Secured Property to the Creditor at the location designated by the Creditor or, at the option of the Creditor and without the requirement for legal process, enter upon the premises of the Debtor and take possession of the Secured Property. Upon possession of the Secured Property the Creditor shall dispose of the same by sale or lease and upon such terms and conditions, including reasonable compensation, that the Creditor, acting reasonably, deems appropriate. The proceeds of such disposition shall, upon satisfaction of the obligations under the Promissory Note and the payment of costs of the Creditor, be paid to the Debtor.

(d) Undertake legal action for any remaining indebtedness of the Debtor under the Promissory note after disposition of the Secured Property; and

(e) Undertake any other legal action or pursue any other remedy permitted by this Agreement, the PPSA and otherwise in law.

12.0 TERMINATION

12.1 This Agreement may be terminated at any time by agreement of the Parties in writing, and shall terminate, forthwith, upon (i) completion by the Debtor of all payments due under the Promissory Note or (ii) provided that the reverse takeover transaction contemplated by the LOI

has been consummated, achievement of the First Milestone (as defined in the LOI). Effective with the termination of this Agreement, the Creditor, upon the request of the Debtor in writing, shall take such actions and execute and deliver all documents necessary to discharge the Security Interest against the Secured Property. All out of pocket expenses incurred by the Creditor for the discharge of the Security Interest shall be paid, forthwith, by the Debtor upon receipt of an invoice from the Creditor for the same.

13.0 DISPUTE RESOLUTION

13.1 The Creditor and Debtor shall attempt in good faith to settle all disputes, issues and controversies arising out of this Agreement (hereinafter "Dispute"). If they are unable to do so within twenty (20) Business Days from when the Dispute first arose, either Party may by notice in writing to the other Party submit the matter to mediation. Immediately upon delivery of such notice, the Creditor and Debtor will make a reasonable, good faith effort to identify a mutually acceptable mediator. If they cannot agree upon a mediator within a period of ten (10) Business Days or, having selected and met with the mediator cannot resolve the Dispute within five (5) Business Days thereafter, either Party may by notice in writing to the other Party direct the matter to arbitration pursuant to subsection 13.2.

13.2 The arbitration shall be undertaken before a panel of three (3) arbitrators. Each Party shall select one (1) arbitrator within five (5) Business Days and the arbitrators so chosen will select the third arbitrator within a further period of ten (10) Business Days. The third arbitrator will chair the arbitration panel. Upon the appointment of the third arbitrator, each Party shall, forthwith, submit its argument in writing, and make oral argument should the arbitration panel so require. The arbitration panel shall make its decision and so inform the Creditor and Debtor in writing within five (5) Business Days from the completion of argument. In so doing, the arbitration panel shall be restricted to construing the terms of this Agreement, the Promissory note and the Promissory Note. The arbitration award cannot under any circumstances exceed the remedies available under this Agreement. Each Party will bear its own costs of the arbitration and share equally the costs of the arbitration panel, unless the arbitration panel in its discretion, and pursuant to representations by the Creditor and Debtor, awards some or all of the costs of the arbitration to one of the Parties. The decision of the arbitration panel shall be by majority vote and final and binding on both Parties. Any award by the arbitration panel may be filed in court and enforced as a judgment of the court. All documents created in the course of or for the purposes of the mediation and arbitration, including the arbitration award, shall be kept completely confidential and shall not be disclosed to any other party (excluding their respective legal counsel and advisors) without the prior written consent of the other Party. The mediation and arbitration proceedings shall be undertaken in a location determined by the mediator or the arbitration panel, as applicable, and except as otherwise described above, shall be governed by the arbitration rules and procedures of the then current *Arbitration Act* of the province of British Columbia.

13.3 Notwithstanding subsections 13.1 and 13.2, neither the Creditor nor the Debtor is precluded from seeking from a court of competent jurisdiction interim relief, including injunctive relief.

14.0 GENERAL PROVISIONS

14.1 **Notices.** Except only as otherwise stated in this Agreement, all notices, requests, demands, claims and other communications under this Agreement shall be in writing and duly given if

personally delivered, sent by prepaid registered mail, facsimile, electronic mail or other form of recorded communication tested prior to transmission, addressed to the other Parties as follows:

Dimension Five Technologies Inc.
Suite 1450 – 789 West Pender Street,
Vancouver, British Columbia V6C 1H2
Attention: Chris Parr
E-mail: chris@dimensionfive.ca

Aduro Energy Inc.
Suite 104, 1086 Modeland Road,
Sarnia, Ontario Canada N7S 6L2
Attention: Ofer Vicus
E-mail: ovicus@aduroenergy.com

Notice may be sent to such other address of which prior notice has been given by the recipient. Notice shall be deemed to have been received: (i) if personally delivered, as of the day it is delivered to the recipient; (ii) if mailed by prepaid registered mail, on the third (3rd) Business Day following the date of mailing; (iii) if by facsimile, at 9:00 am on the first (1st) Business Day following transmission; and (iv) if by electronic mail, the first (1st) Business Day the electronic mail arrives in the recipient's electronic mail in-box, provided only that the Party sending the message has not received any automatic reply indicating that the notice has not been delivered to the recipient.

- 14.2** *Counterparts.* This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original and fully binding, and all such counterparts shall together constitute one and the same instrument.
- 14.3** *Transmission by Facsimile.* The Parties agree that this Agreement may be transmitted by facsimile or such similar device, and that the reproduction of signatures by facsimile or such similar device will be treated as binding as if originals, and each Party undertakes to provide the other Party with a copy of this Agreement bearing original signatures forthwith upon demand.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

Aduro Energy Inc.

Dimension Five Technologies Inc.

By: "Ofer Vicus"
Authorized Signatory

By: "Chris Parr"
Authorized Signatory

Schedule A

Secured Property

The Secured Property for which the Creditor has a duly registered Security Interest under this Agreement is described below.

1. All accounts receivable, claims, choses in action and demands of every type and kind including letters of credit, current and future.
2. All equipment, other than inventory, including without limitation, all tools, machinery, implements, furniture, computers and other information technology devices and systems, vehicles or other items, including any parts thereof.
3. All inventory, current and future.
4. All cash on hand and deposits in bank accounts.
5. All contracts and contractually-based rights.
6. All insurance policies in connection with the Debtor's property or business.
7. All books of record, deeds and other documentation in regard to the foregoing.
8. All proceeds, renewals, extensions or substitutions of or for the foregoing.
9. All intellectual property rights, including without limitation, the following:

INTELLECTUAL PROPERTY ASSETS OF ADURO

1. SYSTEM AND METHOD FOR CONTROLLING AND OPTIMIZING THE HYDROTHERMAL UPGRADING OF HEAVY CRUDE OIL AND BITUMEN

US Patent No. 9,783,742 B2

Type Original filing

Inventor(s) W. Marcus Trygstad

Assignee Aduro Energy, Inc.

Filed Oct. 28, 2013

Issued Oct. 10, 2017

Expires Dec. 8, 2035 (anticipated)

Foreign: Canada, Germany, France, Italy, Russian Federation, United Kingdom

2. SYSTEM AND METHOD FOR CONTROLLING AND OPTIMIZING THE HYDROTHERMAL UPGRADING OF HEAVY CRUDE OIL AND BITUMEN

US Patent No. 9,64,455 B2

Type Continuation in part from US 9,783,742 B2

Inventor(s) W. Marcus Trygstad

Assignee Aduro Energy, Inc.

Filed Mar. 18, 2014

Issued May 9, 2017

Expires Nov. 4, 2034 (anticipated)

Foreign* Canada, Germany, France, Italy, Russian Federation, United Kingdom

3. SYSTEM AND METHOD FOR HYDROTHERMAL UPGRADING OF FATTY ACID FEEDSTOCK

US Appl. No. US15/818,274

Type Continuation in part from US 9,783,742 B2

Inventor(s) W. Marcus Trygstad

Assignee Aduro Energy, Inc.

Filed Nov. 20, 2017

Issued n/a

Expires n/a

Foreign n/a

4. SYSTEM AND METHOD FOR PRODUCING HYDROTHERMAL RENEWABLE DIESEL AND SATURATED FATTY ACIDS

US Appl. No. US16/676636

Type Continuation in part from US 9,783,742 B2

Inventor(s) W. Marcus Trygstad, Anil K. Jhavar, Muhammad B. I. Chowdhury,
and Shaun J. Fraser

Assignee Aduro Energy, Inc.

Filed Nov. 7, 2019

Issued n/a

Expires n/a

Foreign n/a

5. HYDROCHEMOLYTIC UPGRADING OF MACROMOLECULES COMPRISING SYNTHETIC POLYMERS AND HEAVY OIL COMPONENTS

US Appl. No. n/a2

Type Continuation in part from US 9,783,742 B2

Inventor(s) W. Marcus Trygstad and Anil K. Jhavar

Assignee Aduro Energy, Inc.

Filed Jul. 31, 2020

Issued n/a

Expires n/a

Foreign n/a

6. METHOD FOR EXTRACTING AND UPGRADING OF HEAVY AND SEMI-HEAVY OILS AND BITUMENS

US Patent No. 8,372,347 B2

Type Original filing

Inventor(s) Brian Berkowitz, Stephen R. Dunn, and Ishai Dror

Orig. Assignee Yeda Research and Development Co Ltd.

Owner Aduro Energy, Inc. (by legal agreement)

Filed Apr. 11, 2011

Issued Feb. 12, 2013

Expires Nov. 14, 2025 (anticipated)

Foreign Canada

Schedule B

Permitted Encumbrances

All Encumbrances contracted for, registered against or on the Secured Property existing at the time of execution of this General Security Agreement.

All licenses granted in the ordinary course of the Debtor's business following execution of this General Security Agreement.