

RDARS/ADM TECHNOLOGY DEVELOPMENT AGREEMENT

Between:

RDARS Inc., an Ontario corporation, whose registered office is located at 2 Covington Rd #507, North York, Ontario, M6A 3E2 ("**RDARS**")

-and-

Advanced Data Management, a New Jersey LLC, whose principal place of business is 1885 Swarthmore Ave, Lakewood, NJ 08701 ("**ADM**")

WHEREAS

- RDARS and ADM have entered into a Memorandum of Understanding dated May 20, 2019 ("MOU"), a copy of which is annexed hereto as Schedule A, in which ADM has agreed to participate in the development of a drone-based alarm response system
- RDARS, ADM and other Collaborators (as defined below) have entered into a four-way confidentiality agreement to define specifications and work required for the development of a prototype drone-based alarm response system.
- RDARS and ADM now wish to define the terms and scope of their cooperation pursuant to the MOU with greater particularity so as to put into effect a formal binding agreement that will supplant and supersede the MOU.

NOW, THEREFORE, in consideration of the mutual promises made herein and intending to be legally bound, the parties agree as follows:

1.0 Definitions

In this Agreement the following terms have the following meanings:

- (i) "ADM's Background IP" means Intellectual Property owned, licensed or used by ADM related to ADM's Background Technology as of the Effective Date.
- (ii) "ADM's Background Technology" means ADM's alarm panel management software, as it exists as of the Effective Date.
- (iii) "Business" means a business based on (i) selling base station/drone units for responding to security alarms and (ii) selling adjunct monitoring services.
- (iv) "Collaborators" means individually, or jointly, as the context dictates, Easy Aerial Inc. and Drone Harmony AG.
- (v) "Commercially Exploit" means to make, have made, sub-contract, sub-license, sell, offer to sell, import, export, lease, distribute, repair, reconstruct, modify or enhance (including any software), sue or threaten to sue under a legal right, use and otherwise fully utilize.
- (vi) "Compete" means for a Person, either on its own account or in conjunction with any other Person(s), directly or indirectly, as principal, agent, partner, co-venturer, shareholder, member, investor, advisor, consultant, officer, director, employee or otherwise, in any manner

whatsoever invest, engage, advise, lend money to, or guarantee the debts or obligations of any Person(s), engaged in a business which is the same as or substantially similar to or competitive with. This definition shall not include a passive investment in a public company on a national stock exchange if less than 5% of outstanding shares held.

- (vii) "Copyright" means any work or right, registered or registerable, under the copyright law or authors' rights of any territory or jurisdiction worldwide, and any mask work or integrated circuit topography or other such form of registered or registerable intellectual property right.
- (viii) "Developed Software" means the source code, object code, scripts, text files, application programming interfaces, and any and all documentation pertaining to the foregoing that is developed by ADM for use in the Prototype or otherwise developed by ADM under this Agreement.
- (ix) "Effective Date" means September 1, 2019.
- (x) "Field of Use" means use, including selling and offering adjunct services, of a drone for security purposes, wherein the drone (including base station, if any) is limited to a manufacturer's suggested retail sales price (MSRP) of less than \$10,000 USD. The MSRP shall be evaluated at a bill of materials cost + 33%, or, where not directly manufactured, as the purchase price (EX-WORKS, per Incoterms 2010) from the manufacturer + 20%.
- (xi) "Intellectual Property" or "IP" means Patents, Copyrights and Know-How.
- (xii) "Know-How" means knowledge, experience, trade secrets, software, algorithms, methodologies, designs, circuits, signal processing techniques, drawings, layouts, technical data, inventions, discoveries, improvements, manufacturing processes and techniques.
- (xiii) "Patents" means any registered or registerable right under the patent law of any territory or jurisdiction worldwide, including, without limitation: (i) any issued utility or design patent or application therefor, including provisional patent applications, and any patents which may issue hereafter pursuant to any patent application; (ii) all continuations and continuations-in-part applications to the issued patent or patent application set out in clause (i) (solely to the extent such continuations-in-part applications contain subject matter on which claims issuing obtain the benefit of a priority date of any patent or patent application set out in clause (i)); and (iii) all divisions, patents of addition, derivatives, substitutions, re-examinations, reissues, renewals and extensions of any of the patent, patent application, continuations and continuations-in-part applications set out in clauses (i) and (ii).
- (xiv) "Project" means the development of a Prototype System in accordance with the Specifications.
- (xv) "Prototype" means an initial version of the System, including one ground station and two drones, an alarm panel interface module, the Developed Software, and other software developed by the Collaborators, intended to demonstrate a pre-production, proof of concept, version of the System. The purpose of the Prototype will be to demonstrate the viability and marketability of the System and attain further capital investment for development of the Business.
- (xvi) "RDARS Background IP" means Patents, Know-How and Copyrights owned, licensed or used by RDARS pertaining to the System as of the Effective Date.

- (xvii) "RDARS First Financing" means RDARS first round of equity financing in which RDARS raised gross proceeds in the amount of USD \$800,000 at a pre-money valuation of USD \$2,000,000 in June 2019.
- (xviii) "Specifications" means the definition of the functions and features required for the Prototype, and the development responsibilities of each Collaborator in the development of the Prototype, as set out in Schedule C.
- (xix) "System" means a drone-based security system as described generally in an investor presentation shown in Schedule B.
- (xx) "Term" is the period of time specified in Section ~~7.1~~^{8.1}.

2. Development

The parties anticipate three distinct segments to their collaboration: an initial Project to develop a Prototype System; development of a marketable System; and technical support and maintenance.

2.1 Prototype Development Project

2.1.1 Engagement

RDARS hereby engages ADM to design, develop and implement an alarm panel interface module and the Developed Software for the Prototype, in accordance with ADM's roles and responsibilities as set forth in the Specifications.

2.1.3 Deliverables

ADM's Project deliverables shall be specified in the SOW and will include:

- Developed Software for the Prototype
- Alarm panel interface module for the Prototype

2.1.4 Acceptance

The purpose of the Prototype is to establish a beta version of the System in order to showcase the System to prospective investors and customers, and therefore ADM does not warrant that the alarm panel interface module and the Developed Software will be completely error-free under circumstances and conditions expected of a production environment. However, the alarm panel interface module and the Developed Software should be substantially error free under the demonstration use scenarios defined in the Specifications.

2.1.5 Resources

ADM commits to completing the Project within four to six months of the Effective Date. Time is of the essence. To the extent required to meet this timeframe, ADM shall mobilize its staff forthwith and, if necessary to meet the timeframe, commit a minimum of one hundred thousand US dollars (USD \$100,000) worth of time (computed as man hours multiplied by applicable market rate per person) towards the Project.

The composition and character of ADM's staff assigned to the Project is important to RDARS as the implementation of the Project is heavily dependent on ADM. Once ADM has allocated staff to the Project ADM will, barring uncontrollable circumstances, commit to making the same staff members available to work on the Project. The allocated ADM staff must keep reasonably accurate time records detailing their involvement in the Project, which records may be requested by RDARS from time to time.

2.1.6 Out-of-Pocket Expenses; Travel

No travel or other ancillary expenses are payable under this Agreement unless first authorized by RDARS.

2.2 Development of Marketable System

ADM commits, during the Term of this Agreement, to using its commercially reasonable efforts to develop, and assist RDARS in the development of, a marketable System. The roles and responsibilities of ADM and RDARS (as well as the other Collaborators) for the marketable System will be discussed and agreed-upon at the such time as the parties mutually deem appropriate.

In view of the fact that ADM will be receiving equity in RDARS for ADM's contributions to the Project and royalties on System sales, ADM agrees to the principle that any work it is tasked to undertake for the marketable System and/or long-term maintenance and support agreements will be charged no higher than ADM's cost (which shall not be greater than the cost which any third party would incur had it utilized its own employees and resources, at market rates, to carry out the same task) plus a twenty percent (20%) markup. ADM shall, however, be permitted to determine, in its reasonable discretion, the priority and urgency of such work relative to the work of its other clients.

2.3 Minor Technical Assistance and Support

ADM will, at all times, provide RDARS with technical assistance and support to deal with any minor issues with the Prototype and the marketable System. An issue is deemed minor if it objectively requires no more than 10 man-hours' work or investigation as to the source or correction of an error or minor enhancement. Minor technical assistance shall be limited to no more than 120 hours per year.

ADM reserves the right to cease technical assistance and support in the event the components that it developed for the Prototype or marketable System are modified by any third party.

2.4 Professionalism

ADM represents and warrants that all services will be provided in a good and professional manner by duly skilled employees, agents or subcontractors who have the requisite skills and experience to provide such services.

2.5 Distribution Rights

RDARS intends to sell the System or components thereof, or otherwise conduct the Business, with the assistance of third party distributors. RDARS agrees that ADM is entitled to be a distributor and RDARS will provide ADM with distribution rights within its desired market(s) on the same commercial terms as any similarly situated third party.

3. Intellectual Property

3.1 Ownership of Background IP

Each party shall retain the title to and ownership of all IP owned or possessed by the respective party that so owned or possessed prior to the execution of this Agreement. In particular, ADM shall retain the title to and ownership of all ADM Background IP, and RDARS shall retain title to and ownership of all RDARS Background IP.

3.2 License to ADM Background IP

Upon the issuance of RDARS equity to ADM pursuant to Section 4.1 hereof, ADM shall simultaneously hereby grant RDARS a world-wide, non-exclusive license to Commercially Exploit ADM's Background IP for the Field of Use.

3.3 Ownership of IP Developed under this Agreement

All Intellectual Property, including Developed Software, developed by ADM pursuant to this Agreement will be owned by RDARS to the extent it relates to the Business. ADM acknowledges that the development of the Developed Software is a "work made for hire" under the U.S. Copyright Act. ADM waives any moral rights to future modification or enhancement of the Developed Software.

ADM represents and warrants that all of its employees, agents and subcontractors have executed or will execute all necessary agreements with ADM that will enable the grant of IP rights from ADM to RDARS contemplated in this section to occur.

3.4 Marketing

RDARS will have the right to publicize ADM's involvement in the System for marketing purposes, including identifying components developed primarily by ADM (the "Purpose"). ADM hereby provides a license to utilize ADM's trade name and any associated trade-mark for this limited Purpose.

RDARS will seek consent from ADM prior to any publicity involving ADM, which consent shall not be unreasonably withheld.

4. Compensation

4.1 Equity Compensation

Upon ADM's delivery of its contribution to the Prototype per the Specifications, ("Vesting"), RDARS will grant to ADM such number of shares of common stock in RDARS that will yield ADM three and one half per cent (3.5%) of RDARS' issued and outstanding shares on a fully diluted basis, computed on a valuation as of RDARS' First Financing (the "Shares").

Upon Vesting, RDARS will cause share certificates representing the Shares to be issued to ADM and will update RDARS' minute books and registers accordingly.

ADM acknowledges that as of the Effective Date – and likely at the time of Vesting – there are or will be restrictions with respect to trading in or selling RDARS shares imposed by applicable securities legislation in the jurisdictions in which ADM and/or RDARS resides. ADM confirms:

- (i) that no representation has been made to it by or on behalf of RDARS with respect thereto;
- (ii) that it is aware of the characteristics of RDARS' shares and the fact that it may not be able to sell RDARS shares, except in accordance with limited exemptions under applicable securities legislation until expiry of the applicable restricted period and compliance with other requirements of applicable law and/or limitations imposed under RDARS' Articles of Incorporation; and
- (iii) it agrees that any certificates representing RDARS securities may bear legends required by applicable securities laws regarding restrictions on share transfer until such time as such legends may be removed pursuant to applicable law. In the event a registration or other filing is made in which some or all of any RDARS shareholder shall have the sale restrictions on some or all of their shares lifted and/or legends removed, ADM shall have "piggyback rights" to achieve the same benefit.

4.1.1 ADM shall also have the right, but not the obligation, to invest in future rounds of RDARS financing at the same valuation levels as any other investor at the time of financing in order to maintain ADM's equity stake of three and one half (3.5%) percent. This right will expire upon the termination of this Agreement. This right shall not apply to any proposed transaction involving a public financing or in which a third party seeks to retain majority control of RDARS.

4.2 Contribution Payments

4.2.1 Rate

Notwithstanding anything to the contrary in the MOU, ADM will be paid an ongoing contribution payment for RDARS' use of the Developed Software in the amount of one half of one percent (0.5%) of Net Sales (defined below) arising from: (a) the sale or lease of System units and (b) recurring revenue arising from providing services associated with monitoring the System.

In this context:

- "Net Sales" means revenue under (a) or (b), less taxes, duties or other such governmental surcharges; less freight, shipping and packaging charges; less customary trade discounts; less returns or credit allowances; and less uncollectible amounts as properly allocated under IFRS or US GAAP
- "System unit" means a combination of a drone and base station, and no other tangible or intangible product

4.2.2 Contribution Payment Term

The obligation to pay contribution payments will extend for five (5) years from the commencement of the first sale of the System, or such system created with ADM's IP, to a third party from serial production stock.

4.2.3 Withholdings

If required by law, any withholding taxes required to be paid on contribution payments paid to ADM may be deducted from the contribution payments made to ADM and such withheld taxes shall be paid by RDARS to the relevant taxing authority. Upon payment of such taxes, RDARS shall provide confirmation in writing to ADM that such taxes have been paid and indicate the amount of such payment. If there exists a tax treaty between the tax jurisdiction in which RDARS is subject and the tax jurisdiction in which ADM is subject, with the result that no withholding tax need be deducted upon payment of the contribution payments, the contribution payment shall be made to ADM without deduction and RDARS shall have no liability for any ADM taxes, if any, owing within RDARS' jurisdiction.

4.2.4 Report and Payments

RDARS shall submit to ADM within sixty (60) days of the end of each calendar year a comprehensive statement setting forth RDARS sales activities during the calendar year which are subject to the contribution payment, and the contribution payment due.

RDARS will keep true and accurate records and books of account containing all data necessary for the determination of contribution payments payable under this Agreement.

At any time during the Term and for a period of two (2) years thereafter, upon not less than two (2) days notice, ADM shall have the right, at ADM's sole cost and expense, to inspect and examine the books of account of RDARS, so far as they relate to this Agreement, for the purpose of verifying the amounts due to ADM hereunder. Such notice shall be in writing and shall state the accounting periods in respect of which examination is required. If it shall be determined that RDARS has underpaid ADM, then RDARS shall, within two business days, pay to ADM the amount(s) of the underpayment(s). If the aggregate underpayment is found to be in excess of ten percent (10.0%) of the total amount payable for the period audited, then the proper and reasonable costs of such inspection shall be reimbursed to ADM by RDARS. In the case of an overpayment, ADM shall, within two business days, refund to RDARS the amount(s) of the overpayment or (in its sole discretion) otherwise permit RDARS to offset the amount(s) of the overpayment(s) against future amounts due to ADM hereunder.

5. Representations and Warranties

5.1 ADM

ADM represents and warrants that:

- (a) It has all requisite corporate power and authority to enter into and to carry out its obligations under this Agreement;
- (b) there are no licenses relating to the ADM Background Technology or to the Developed Software under which ADM must or is likely pay a fee or royalty to any third party;
- (c) to the best of its knowledge, the ADM Background Technology does not infringe any third-party Intellectual Property;
- (d) There is no litigation against it, actual or threatened; and

- (e) There is nothing actual or threatened that would have the effect of impeding ADM's execution of this Agreement or its responsibilities hereunder.

5.2 RDARS

RDARS represents and warrants that:

- (a) it has all requisite corporate power and authority to enter into and to carry out its obligations under this Agreement;
- (b) There is no litigation against it, actual or threatened; and
- (c) There is nothing actual or threatened that would have the effect of impeding RDARS's execution of this Agreement or its responsibilities hereunder.

6. Confidentiality

6.1 Application of Pre-existing NDAs

The four-way confidentiality agreement signed between the parties and the Collaborators effective as of June 1, 2019 attached as Schedule D shall apply to this Agreement. This Development Agreement supplants RDARS's rights under the confidentiality agreements to commercially exploit Confidential Information or Materials (as defined in the confidentiality agreements) provided by ADM in accordance with the terms of this Agreement. This Development Agreement will also supplant the indefinite term of the confidentiality obligations in the confidentiality agreement to the Term of this Agreement plus five years thereafter. The parties confirm and restate such Confidentiality Agreement and agree to endeavor in good faith to have the other parties to the Confidentiality Agreement similarly agree in writing to the provisions of this Section 6.1.

7. Competition

7.1 Non-compete

During the Term of this Agreement, and for a period of five (5) years thereafter, ADM agrees that it will not, without the prior written consent of RDARS, Compete against RDARS' Business in the Field of Use anywhere in the world, save for and with the exception of functioning as a System distributor pursuant to Section 2.5.

During the term of this Agreement, and for a period of five (5) years thereafter, RDARS agrees that it will not, without the prior written consent of ADM, Compete against ADM outside the Field of Use anywhere in the world.

7.2 Alternative Scope

In the event that a court of competent jurisdiction or a mutually agreed-to adjudicator deems the scope of any of the non-competes in section 7.1 to be invalid as a matter of law then the parties agree that this Agreement will be modified vis a vis both parties to geographically and/or temporally narrow the scope of the applicable non-compete to a level acceptable to such court or adjudicator.

8. Term and Termination

8.1 Term.

The term of this Agreement extends for five (5) years from the Effective Date.

8.2 Early Termination

7.2.1 Cessation of Business.

If one party ceases to carry on its business related to this Agreement due to insolvency, the other party shall have the right to terminate this Agreement immediately upon written notice to the insolvent party.

7.2.2 Termination for Default.

In the event one party commits a material breach of its obligations under this Agreement and fails to cure that breach within 30 days after receiving written notice thereof, the other party may terminate this Agreement immediately upon written notice to the defaulting party; provided that in the event such breach cannot reasonably be cured within such 30 day period, but the breaching party undertakes a cure within a reasonable time immediately after notice is received, and proceeds in good faith and diligence, such period will be extended to not more than 90 days.

8.3 Effect of Termination.

(a) Survival. The following provisions shall survive the expiration or termination of this Agreement: 2.5, 3.1, 3.2, 3.3, 3.4, 4.1, 4.2, 5.1, 5.2, 6.1, 7.1, 7.2, 9.1, 9.2, 9.3, 10, 12(c) AND 12(g).

9 Disclaimer; Indemnification; Limitations of Liability

9.1 Disclaimer

EXCEPT AS MAY OTHERWISE BE EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT OF THIRD PARTY INTELLECTUAL PROPERTY RIGHTS, VALIDITY OF INTELLECTUAL PROPERTY RIGHTS, WHETHER ISSUED OR PENDING, AND THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE.

IN NO EVENT SHALL EITHER PARTY, ITS DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS BE LIABLE TO THE OTHER PARTY FOR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND, INCLUDING ECONOMIC DAMAGES OR INJURY TO PROPERTY AND LOST PROFITS, REGARDLESS OF WHETHER SUCH PARTY SHALL BE ADVISED, SHALL HAVE OTHER REASON TO KNOW, OR IN FACT SHALL KNOW OF THE POSSIBILITY OF THE FOREGOING.

9.2 Indemnity

Each party shall indemnify the other (including its members, shareholders, officers, and employees) against any and all claims, liability and costs arising from breach or non-performance of the foregoing covenants, representations and warranties. Each party agrees to indemnify and save the other party

harmless from and against any and all third party claims and losses involving personal injury, death, damage or destruction to tangible real property or equipment (including but not limited to claims asserted by the indemnified party's members, shareholders, officers, employees and agents), caused by the gross negligence or willful misconduct of the indemnifying party.

9.3 Limitations of Liability

Notwithstanding any other provision of this Agreement, the parties hereto agree that the aggregate amount of damages that can be awarded in respect of all claims by one party relating to the other party's obligations, representations, warranties or indemnities under this Agreement (whether based in tort or otherwise) shall not exceed USD \$500,000 save and except where the claim is the direct result of the gross negligence or willful misconduct of the indemnifying party.

10. Independent Contractors

Each party is an independent contractor and nothing in this Agreement shall be construed as constituting any party as a partner, joint venturer, agent or legal representative of the others, or as conferring on any party any right, power or authority to create any obligation, express or implied, on behalf of the others. Each party's employees, agents and subcontractors ("Personnel") shall be and shall remain the respective employees, agents, and subcontractors of such party, and shall not be considered employees, agents, or representatives of the other party, except to the extent engaged by such other party. Each party shall be responsible for the payment of any applicable federal, state, local, or foreign tax upon its earnings, its employee's salaries, related withholding, unemployment compensation, worker's compensation, and any other applicable tax, insurance, or other sum or fee which the party may be required to pay or provide. Each party shall be solely responsible for its Personnel, and shall have the sole right to hire, engage, maintain, and terminate all of its Personnel.

11. Governing Law

This Agreement shall be governed by the laws of Ontario, Canada, without regard to its conflict of laws principles, as if the parties were residents of Ontario. The parties attorn to the exclusive jurisdiction of the courts of Ontario, waiving any claims for more convenient forums.

12. General

(a) Each Party shall comply with all applicable laws and regulations relating to the subject matter of this Agreement, including, but not limited to, laws and regulations regarding the manufacture, sale and use of products under this Agreement, export licenses, importation, exportation and re-exportation of technical data, and currency controls.

(b) The failure of either Party to complain of any act or omission of the other Party, to declare the other Party in default, or to exercise any right or remedy hereunder shall not in any way constitute a waiver by such Party of any other right or remedy hereunder.

(c) If any provision of this Agreement is found by a competent authority to be invalid, unenforceable or in violation of any applicable law or regulation, such provision shall be inoperative and the validity of the remaining provisions shall not be affected, and this Agreement shall remain binding upon the Parties hereto to the fullest extent permitted by law.

(d) No Party has entered into this Agreement in reliance upon any representation, warranty or undertaking by or on behalf of the other Party that is not expressly set out in this Agreement, save that this provision shall not limit liability for fraudulent or negligent misrepresentation.

(e) Each Party agrees to take or cause to be taken such further actions, and to execute, deliver and file, or cause to be executed, delivered and filed such further documents and instruments, and to obtain such consents, as may be reasonably required or requested in order to effectuate fully the purposes, terms and conditions of this Agreement.

(f) This Agreement (including the Schedules attached hereto which is incorporated herein by reference), sets forth the entire agreement and understanding between the Parties with respect to the subject matter hereof, and supersedes all previous understandings, agreements, contracts, communications and representations, whether written or oral, concerning the subject matter to which this Agreement relates and shall not be extended, supplemented or amended in any manner, except by an instrument in writing duly executed by authorized officers or representatives of the Parties hereto which expressly identifies the specific terms to be extended, supplemented or amended.

(g) Nothing expressed or implied in this Agreement is intended or shall be construed, to confer upon or give any person, firm or corporation other than the parties hereto, any rights, remedies, obligations or liabilities under or by reason of this Agreement, or result in their being deemed a third party beneficiary of this Agreement.

(h) Any notice, request, demand or other communication required or permitted hereunder shall be in writing, shall reference this Agreement and shall be: (a) delivered personally; (b) sent by email (if followed by personal or overnight delivery actually received or rejected at the party's notice address within 2 business days); (c) sent by registered or certified mail, return receipt requested, postage prepaid; or (d) sent by a private industry express courier, with written confirmation of receipt, to the address listed in the opening paragraphs of this Agreement, or to such other address or addresses as a Party may from time to time designate as its address by notice in writing to the other Party. All notices so addressed are effective when received.

(i) This Agreement is executed in original and/or pdf counterparts, each of which shall for all purposes be deemed an original, and all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in duplicate as of the Effective Date.

<p>RDARS Inc.</p> <p><u>Signed: "Charles Zwebner"</u> Charles Zwebner, CEO</p>	<p>Advanced Data Management</p> <p><u>Signed: "Avrohom D. Munk"</u> Avrohom D. Munk, CEO</p>
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